FEBRUARY, 1951

CREDIT and FINANCIAL MANAGEMENT

Results of the 45th semi-annual Latin-American credit survey

Winner of the second letter contest is Charlotte member

Credit conditions in the feed industry give rise to concern

Advisory committee members under NPA must toe the line

Credit Interchange's Top Man . . . see page

A Publication of

The National Association of Credit Men

Editorial

Charity Begins at Home

THE crisis that confronts us emphasizes anew that a strong United States is not only essential to our own well-being but to that of the people of the world. People may differ, not only here but abroad, as to the extent to which we should strengthen our own nation before we aid others but no one denies the need for building our America on a strong spiritual, moral and economic foundation.

In our endeavor to be helpful and to maintain peace and prosperity throughout the world we have given billions of dollars of money. These sums have been paid for in part by taxation, which naturally involves sacrifices on the part of our people. Some of our aid is still to be paid for and will involve sacrifices on the part of generations of Americans who follow. All the time we have been doing this we have failed to note some of our own economic weaknesses. We have deferred and delayed correcting them though there is a nationwide agreement that they should be corrected.

We are endowed with a very productive soil but we have not made the strenuous effort we should make to keep it productive. We have permitted tragedy to strike our nation almost every spring. The floods have come again and again. Every time these catastrophes have occurred we have vowed we would correct them by proper flood-control methods. While we are spending billions of dollars trying to aid other people we might well give consideration to the old maxim that charity begins at home. But a flood control program is in reality not charity but the soundest type of conservation imaginable.

Shortly after this is read uncontrolled waters will once again flood large areas of arable and fertile land. Much privation and suffering, loss of crops, stock, homes and even human lives will be experienced. Isn't it time that we stopped talking about it and did something to correct the situation? An expenditure of only a fractional part of the amount we now dispense abroad would prevent the yearly recurrence of this destruction. It is not only to our interest but to the interest of other nations that this year mark the last of these disasters in our country.

Henry H. Heimann

HENRY H. HEIMANN,
EXECUTIVE MANAGER

THIS MONTH'S COVER

Of all the services which the National Association of Credit Men offers the most widely used and the fastest growing is Credit Interchange.

The policies of Interchange are decided by a nine-man board of governors, of which Presley H. Meyer, credit manager of the Peaslee-Gaulbert Corporation, Louisville, is chairman. It is fitting, therefore, that "Pres" should be our second cover subject in the new 1951 series.

Presley H. Meyer joined Peaslee-Gaulbert in 1936 after a varied career in banking and credit work in various industries. Locally he has served on the board of directors of the Louisville Association since 1945 and is currently vice-president. Nationally he has been a member of the Credit Interchange Board of Governors for three years and was elected chairman at the Los Angeles Congress last May.

Peaslee-Gaulbert Corporation, established in 1867, has been represented in the Louisville Association since its founding. Wholesale Distributors of furniture, floor coverings, appliances and housewares the company maintains a home office in Louisville and nine branches.

CREDIT and FINANCIAL MANAGEMENT

FEBRUARY, 1951

Official Publication of the National Association of Credit Men

VOLUME 53, NUMBER 2

CONTENTS

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Published on the 15th of each month by the National Association of Credit Men, 1309 Noble Street, Philadelphia 23, Pennsylvania. Entered as second class matter December 22, 1933, at the Post Office at Philadelphia, Pa., under the act of March 3, 1879. Subscription price $3.00 a year, 25¢ per copy; Canada, $3.50; all other countries, $4.00 postpaid.

National Association of Credit Men is responsible only for official Association statements and announcements printed herein.

THIRTY DAYS IN WASHINGTON

A check list of items of interest to Financial Executives

WAGE AND PRICE STABILIZATION: After several days of rumors and denials the Wage and Price Stabilization regulations were finally issued on January 22nd and 26th. The Price regulation was finally issued in general terms on January 28th. Since that date there have been a number of Amendments and changes. Members of N.A.C.M. who do not have copies of these Stabilization orders will find them on file at their Association offices. It is recommended that those interested should check with the Regional or District Office in his area for up-to-the-minute information on regulations affecting a particular industry. These Regulations have been changing from day to day so it is impossible for a monthly publication to provide up-to-the-minute information.

LIST OF REGIONAL AND DISTRICT OFFICES appears on page 26 of this issue of Credit and Financial Management. Make note of this list and direct all inquiries to the officer in charge of the office nearest you.

RENEGOTIATION OF PREPAREDNESS CONTRACTS: The House on January 23 passed by voice vote the Administration bill (H.R. 1724) providing for renegotiation of practically all government contracts. This bill is modeled after the Renegotiation Act of 1943 but sets up a five man board to review all contracts which call for an expenditure of $100,000 or more.

After its passage by the House, the bill automatically went to the docket of the Senate, where it was referred to the Finance Committee under the chairmanship of Senator Walter George of Georgia. At the first hearing on the Renegotiation bill, Senator George pointed out that as passed by the House the bill restricted contracts with the government to such an extent that Procurement Agencies might find it difficult to obtain items needed for the defense program. Further hearings by Senator George's Committee will be held this month.

HEARINGS START ON TRUMAN TAX PROPOSALS: The House Ways and Means Committee began hearings on the recommendations made by President Truman to increase the governments' revenue by $10 billions. Secretary of the Treasury Snyder appeared for two days and was followed by other government officials. On February 8th the Committee opened the hearings to testimony by representatives of business. It is not expected, according to reports from Washington, that a Bill will be ready to report until after March 1st.

DRIVE TO AID SMALL BUSINESS: Senator John Sparkman of Alabama and Representative Wright Patman of Texas are jointly sponsoring bills in the Senate and House to create a $500 million "Small Defense Plants Corporation." The sponsors of this bill say that the provisions of Regulation "V" are not satisfactory as banks have been too slow in granting loans under this Regulation.

COPIES OF N.P.A. TEXTS: Copies of National Production Authority texts may be obtained from the Division of Printing Services, Room 6225, Department of Commerce, Washington 25, D.C. Just tell them you wish to be put on the mailing list to receive all releases. Information on releases by other agencies of Defense Program should be requested from each such agency.

Facts—Not Promises

by HENRY H. HEIMANN

UNDER THE impact of war or impending war our nation has twice developed great military strength. Each time when the war has been concluded we have hastily and rather injudiciously reduced our military organization to a skeleton force. Today for the third time we are again expending huge sums in a defense program.

During these war periods many business organizations have neglected their usual program of improvement of product, of the maintenance of a strong sales force and of the building of a strong credit department. They may have felt that in a sellers' market these business factors were not quite so important. No more short-sighted policy could be adopted.

You don't liquidate a fire department simply because you have not had many fires. On the contrary you compliment the department for its fire prevention work and if you are fair you feel more like strengthening it than causing its liquidation. It is ordinary self-interest to do so.

You may feel in a period of war preparation that the government is your principal customer and that therefore you may not have need for a strong credit department. If you go on that theory not only are you bound to suffer considerable loss during an emergency but you will be left at the post in the competitive bid for business once the emergency is out of the way. Credit problems in a defense program will multiply rather than decrease. Your credit department, and management in general, will have to be very careful to continue a policy of servicing marginal customers, for they may become your best customers in time. Your best customers today were your marginal customers yesterday.

It would indeed be false economy not to keep your credit department right up to date during all of this period of defense activity. All of your customers will experience a changing credit status. Some will grow stronger, others will be less acceptable risks. You will never know unless you keep your files up to date. If you do not keep them up to date now you will be handicapped when normal times return because a competitor armed with up to date credit knowledge will then have a commanding advantage in the business race.

There is only one way to get the credit character of an individual or a business. It is not procured through antecedent information because that is more or less reputation. It is best revealed by performances. Those are facts. They are an indelible record never to be erased. They are not debatable. They stand as the naked truth—a record that cannot be altered or amended. This record may be better or worse as time gives added facts.

Years ago the credit executive decided that the most important thing in credits was to know the character of a business organization or an individual. He sought the facts. It was performance not promises in which he was interested.

The preparedness period gives a good opportunity for every credit department to get these character facts on file and to keep the file up to date. A Credit Interchange report is the only national service specializing in these facts. I know of nothing more important than to strongly maintain your service and to support the organization that collates these facts you give. Credit Interchange service doesn't tell you whether a man's account is worthy, whether a man or a business is entitled to credit. It doesn't assume to take on your professional job of evaluating the risk. It merely lays before you the facts and it is then up to you to evaluate. That is why your work is that of a professional.

With our expanded plant facilities, when the defense program is out of the way industry must operate at a rapid pace if we are to keep our economy strong. Get prepared for this period. The time to do it is now. Make up your mind that when the defense program is out of the way your credit files are going to be in the best shape they ever have been. Follow carefully the trend of your customers' credit through the utilization of the facts given you in experience records by Credit Interchange service.

All Latin-American Countries Improve Their Credit Standing

by PHILIP J. GRAY
Manager, Foreign Credit Interchange Bureau

INSULAR neighbors, Haiti and Dominican Republic, received identical ratings and shared top position in both credits and collections in the 45th semi-annual survey conducted by the Foreign Credit Interchange Bureau, on commercial credit and collection conditions in Latin-American markets during the last half of 1950. They were followed closely by the leaders in past surveys, Panama and Cuba. Argentine and Paraguay were the only markets rated in the lowest credit classification of "poor" and in the lowest collection classification of "very slow."

Creditwise, for the first time in years every country improved its position in this survey. The most outstanding performance was registered by Chile which gained 52 points in this survey and moved from the "poor" to the "fairly good" credit classification. Brazil gained 45 points and moved up from the "fair" to the "fairly good" rating, while El Salvador with a 41-point improvement moved from "fairly good" into the "good" classification. Improvement worthy of note was also registered by Costa Rica with a 27 point gain, Honduras with 20 points, Venezuela 18 points, Bolivia and Peru 16 points, and Mexico up 14 points. This universal improvement is directly traceable to the military activity of the last six months.

Collections improve

In collections, every country except Paraguay showed improvement in ratings. Brazil recorded the greatest improvement with a gain of 29 points which raised that country from its former collection classification of "very slow" to "fairly prompt." Improvement was also registered by Peru with a 27 point rise, Chile with 25 points, Argentina with 23 points, Costa Rica with 17 points, and El Salvador with 13 points. Paraguay lost 10 points and dropped from "slow" into the "very slow" collection classification with Argentina.

Changes in terms

In the survey of credit terms granted in the last half of 1950 as compared with those of 1949, changes again paralleled collection experiences and chiefly involved the countries rated as "slow" and "very slow." Special attention is directed to the "no change" percentage of 99% for Argentina, 70% for Brazil, and 76% for Costa Rica.

In the case of Argentina, the figure indicates that 99% of the members had made no changes in their terms to Argentina since 1949 when payment delays became evident and corrective measures were adopted. To illustrate—in previous surveys, 90% of the members reporting indicated they had changed to "less liberal" terms to Argentina, with many members indicating that they were definitely "out of the market" until the exchange situation improved. In the current survey, removal or reduction of "backlog accounts" is reflected in "more liberal" terms to Brazil as reported by 28% of the members, while "more liberal" terms were granted by 22% of the members to their Costa Rican importers.

Seven percent allowed "more liberal" terms on their business with Chile, Colombia, Mexico and Uruguay, and 6% on their business with Bolivia, British Possessions, Peru and El Salvador. "Less liberal" terms to Paraguay were reported by 12% of the members reporting, and

Comparison of Credit and Collection Index Figures

(Based on Surveys on Credit and Collection Conditions in Latin America)

	Credit Conditions			Collections		
	Jan. 1951	July 1950	Jan. 1950	Jan. 1951	July 1950	Jan. 1950
Argentina	190	180	179	37	14	12
Bolivia	209	183	227	48	37	78
Brazil	245	200	181	65	36	19
British Possessions	287	285	283	86	85	87
Chile	241	189	198	60	35	49
Colombia	220	206	223	43	42	45
Costa Rica	212	185	180	48	31	30
Cuba	292	290	289	91	90	90
Dominican Republic	294	287	289	92	88	90
Ecuador	265	260	260	79	77	79
French Possessions	289	285	282	88	85	85
Guatemala	270	260	256	82	78	80
Haiti	294	290	289	92	90	90
Honduras	248	228	221	68	62	58
Mexico	292	278	274	90	80	83
Netherlands Possessions	288	285	275	86	85	83
Nicaragua	274	269	264	81	79	81
Panama	293	290	289	91	90	90
Paraguay	195	186	197	38	48	49
Peru	224	208	223	68	41	47
Puerto Rico	283	276	270	84	83	80
El Salvador	269	228	217	80	67	60
Uruguay	285	273	214	88	82	53
Venezuela	280	262	258	85	78	76

Credit— GOOD: 250 and up. Lowest percentage 50% good, 50% fair.
FAIRLY GOOD: 225 to 250. Lowest percentage 25% good. 75% fair.
FAIR: 200 to 225. Lowest percentage 100% fair.
POOR: 175 to 200. Lowest percentage 75% fair, 25% poor.
VERY POOR: Below 175.

Collections— PROMPT: Over 70% prompt or fairly prompt collections.
FAIRLY PROMPT: 50% to 70% prompt or fairly prompt collections.
SLOW: 40% to 50% prompt or fairly prompt collections.
VERY SLOW: Less than 40% prompt or fairly prompt collections.

Current Survey of Collections—Jan. 1951

(In percentages of replies received)

	Prompt	Fairly Prompt	Slow	Very Slow
Argentina	23%	14%	10%	53%
Bolivia	30	18	24	28
Brazil	50	15	14	21
British Possessions	77	9	8	6
Chile	33	27	23	17
Colombia	30	13	25	32
Costa Rica	39	9	13	39
Cuba	81	10	6	3
Dominican Republic	82	10	5	3
Ecuador	70	9	14	7
French Possessions	78	10	7	5
Guatemala	71	11	11	7
Haiti	83	9	4	4
Honduras	57	11	21	11
Mexico	78	12	4	6
Netherlands Possessions	76	10	7	7
Nicaragua	69	12	11	8
Panama	80	11	5	4
Paraguay	31	7	32	30
Peru	59	9	19	13
Puerto Rico	74	10	8	8
El Salvador	61	19	12	8
Uruguay	75	13	5	7
Venezuela	71	14	7	8

similar reductions of terms were recorded by 10% on their business in Bolivia, 8% in Colombia, 7% in Chile, and 5% in Netherlands Possessions. Largest percentages in "no change" classification were, of course, registered by the top-rated countries, Haiti, Dominican Republic, Cuba and Panama.

The following comments taken from Members' letters accompanying their survey reports should prove both interesting and enlightening:

Argentina

(Member A)

"We placed Argentina on a letter of credit basis when the moratorium was established and we still insist upon those terms. We see many reports that the Export-Import Bank's loan of $125,000,000 to Argentina will clear up all of the commercial arrears. When and if this occurs and our old back-log accounts in Argentina are paid off, we will re-examine our terms, but unless very definite improvement is registered we believe we will continue on a letter of credit basis."

(Member B)

"Recently we have been approached with a request that we sell to the Argentine on the basis of receiving payment over an extended period of time, running as long as five years. We know that consideration will be given by the Central Bank in the Argentine to the issuance of import permits for certain types of merchandise, provided the shippers are willing to sell on the basis of extended credit. Our agent tells us that other shippers are granting such terms, but as yet we have been unable to discover any large number of shippers selling on this basis. We do not feel that the over-all situation at this time warrants any extension of such long credit terms and it appears to us that such action on the part of the Central Bank in the Argentine is no more than taking a mortgage on future dollar exchange that may or may not be created."

Bolivia

"On some of our recent sales to Bolivia on a sight draft basis, we have experienced prompt payment, although we do have several old drafts outstanding. We understand that Bolivia still has a fairly substantial backlog of commercial debt. Recent trade figures, however, indicate a substantial improvement in Bolivia's trade with the United States, which is probably due to an improvement in the tin market, and we hope that this will result in an improvement in their exchange situation and the liquidation of the backlog. If we are assured of the fact that an import license has been issued, we are inclined to continue shipping on a sight draft basis for shipments of nominal amounts, say up to $1,000, to good credit risks, but we intend to watch the situation very closely, in order to prevent too large an over-all exposure."

Brazil

"Our current payment experience on shipments to Brazil has been very satisfactory and funds have been received within three months from shipping date. We feel that Brazil is endeavoring to control the volume of import permits issued, in order to keep them in line with available dollar exchange, but in view of unsettled world conditions which have led many nations to study the problem of stock-piling essential imported commodities, there is always the possibility that the issuance of permits will exceed the dollar exchange immediately available. We plan to continue shipping on a draft basis to good buyers unless we notice any slowing down of payments, because we do not want our outstanding drafts to grow to too large a figure."

British West Indies

"Our business with the British West Indies over the past several years has not been very large, although we have been able to make some sales on a draft basis and payment has always been received promptly. We were therefore very pleased to notice the recent announcement that the United States, British, and Canadian Governments had developed a plan, effective January 1, 1951, which will liberalize trade between the British West Indies and the United States."

Chile

"Generally, our terms for sales to Chile are letter of credit, but we have recently made a few small shipments on a draft basis and payment was received promptly. The last two reports of the Federal Reserve Bank indicate an improvement in payment experience, but you will note that it is a reflection of only rather a small number of collections, which makes us feel that most exporters are still maintaining their letter of credit terms. We had hoped that with our increased imports of strategic material, Chile's dollar exchange availabilities would show a marked improvement, but this has not yet been reflected in increased orders."

Colombia

"Our experience indicates a decided lag in receiving payment on bills sent to Colombia and we now notice that we have to wait between two and three months after application before exchange is remitted. This would seem to indicate that import permits were issued in excess of dollar exchange availabilities and from our experience this seems to be a chronic malady. A recent letter from our agent, however, stated that the price of coffee had recently risen over the minimum export price of $81 per 70 kilogram bag and that substantial sales were made for delivery in December, so that there is reason to believe that the exchange situation should improve. While we feel that Colombia, in the long run, is a good risk, nevertheless we are inclined to watch this situation carefully and if improvement is not noticed shortly, will probably restrict somewhat our future shipments."

Costa Rica

"We have been very pleased to note the substantial payment that has been made to us on our old outstanding drafts. In view of this we have recently approved some sales for moderate amounts to Costa Rica on a sight draft basis and payment was received promptly for these new shipments. Our agent tells us that there is no delay by the Central Bank in making exchange available for preferential merchandise and that for merchandise in the other three categories there seems to be a sufficient supply of dollars available in the free market."

Ecuador

"A recent decree established a new rate for the sucre of 15 to the dollar for buying and 15.15 for selling. This decree also included the reclassification of commodities and made mention of a tax of 33% on B category and 44% tax on C category, whereas information from other sources seemed to indicate that the new decree eliminated entirely the taxes previously in effect. We have been unable to obtain any clarification as yet on this point and we wonder whether other members have received any definite information with respect to these taxes."

Survey of Terms Granted During Last Half of 1950
As Compared With 1949 Terms

(In percentages of replies received)

	No Change	More Liberal	Less Liberal
Argentina	99%	1%	—%
Bolivia	84	6	10
Brazil	70	28	2
British Possessions	92	6	2
Chile	86	7	7
Colombia	85	7	8
Costa Rica	76	22	2
Cuba	96	2	2
Dominican Republic	96	3	1
Ecuador	93	3	4
French Possessions	92	4	4
Guatemala	95	2	3
Haiti	97	2	1
Honduras	93	4	3
Mexico	90	7	3
Netherlands Possessions	92	3	5
Nicaragua	91	5	4
Panama	96	2	2
Paraguay	84	4	12
Peru	90	6	4
Puerto Rico	91	5	4
El Salvador	93	6	1
Uruguay	92	7	1
Venezuela	92	4	4

Mexico

"We noticed a report in the newspapers the other day that on January 1, 1951, Mexico was going to open up orders for the importation of previously-banned luxuries, such as automobiles. Apparently, such importation will be controlled because the imports are subject to an import permit, but we are wondering whether this action will have any adverse effect on the payment for the regular flow of previously-permitted commodities, by reason of the fact that dollar exchange which appeared to be in good supply for permitted goods of an essential nature will now be diverted to the purchase of luxuries."

Terms

"In a recent survey made by one of the New York banks, covering import and exchange restrictions in effect throughout the world, we noticed that in a good many countries it was recommended that export shipments be financed by means of letters of credit. We are somewhat concerned over the present unsettled conditions and we would appreciate your keeping us informed if you notice that exporters generally are revising their terms from sales on a draft basis to a letter of credit basis. We ourselves are reappraising our sales and credit terms with a view to reducing draft business to a minimum in all markets except Canada and Latin America."

328 members report

The 328 American manufacturers and exporters contributing to this survey are located in all parts of the United States. They represent a veritable cross-section of American products, the majority of them reporting on all the markets included in this survey. In compiling this survey, no consideration is given to the question of governmental debts or service obligations, and the classification of "Credit Conditions" refers to the situation within the various Latin-American markets from the commercial point of view only, as judged by American manufacturers and exporters. Comments made by those replying to the survey under the general heading "Collection Conditions" may be considered as indicating the current trend based on the definite experience of American manufacturers and exporters having commercial collection items in the markets surveyed. The "Terms" feature of the survey simply reports whether Members' terms during the last half of 1950 to Latin-American buyers were "Unchanged" or "More Liberal" or "Less Liberal" than those granted during 1949, and the replies have been listed country by country in percentages.

Members of industrial advisory committees under NPA are granted immunity from the anti-trust laws, provided they carefully

Follow the Rules

by W. RANDOLPH MONTGOMERY

Partner, Gerdes & Montgomery, counsel to the National Association of Credit Men

BUSINESSMEN invited by the National Production Authority to serve on industrial advisory committees to be set up pursuant to the provisions of the Defense Production Act of 1950, should familiarize themselves with the provisions of the Act and the Rules promulgated thereunder which grant immunity from prosecution under the anti-trust laws. It will be recalled that after the termination of N.R.A. numerous proceedings were commenced by the Federal Trade Commission against trade associations and their members charging violation of the anti-trust laws because of compliance with the President's request that the N.R.A. codes be voluntarily observed.

Voluntary agreements for defense

Section 2158 of the Defense Production Act authorizes the President to consult with representatives of industry, business, financing, agriculture, labor and other interests with a view to encouraging the making by such persons with the approval of the President of voluntary agreements and programs to further the objects of the Act.

The Section further provides that:

"No act or omission to act pursuant to this Act which occurs while this Act is in effect, if requested by the President pursuant to a voluntary agreement or program approved under subsection (a) and found by the President to be in the public interest as contributing to the national defense, shall be construed to be within the prohibitions of the anti-trust laws or the Federal Trade Commission Act. A copy of each such request intended to be within the coverage of this Section, and any modification or withdrawal thereof, shall be furnished to the Attorney General and the Chairman of the Federal Trade Commission when made, and it shall be published in a Federal Register unless publication thereof would, in the opinion of the President, endanger the national security."

Another section of the Act provides that no person shall be held liable for damages or penalties for any act or failure to act resulting directly or indirectly from his compliance with a rule, regulation or order issued pursuant to the Act, even though such rule, regulation or order shall thereafter be adjudged invalid.

Pursuant to the provisions of the Defense Production Act, the National Production Authority has issued Rules governing meetings of industry advisory committees established pursuant to Section 2158. The Rules provide in part as follows:

"1. An industry advisory committee may discuss any subject pertinent to the defense program and to the industry involved at a meeting duly called in accordance with this order and presided over by a Government presiding officer.

"2. An industry advisory committee may furnish information, render advice, and make recommendations to the Government presiding officer when requested by him to do so.

"3. An industry advisory committee shall not undertake to determine policies for the industry, nor shall its members attempt to compel or coerce any person to comply with any request or order made by the Government presiding officer or any public authority, nor shall they reach any agreement or understanding among themselves or with the Government presiding officer regarding specific action to be taken by the industry, provided, however, that agreement on the part of the committee members with respect to recommendations shall not be prohibited."

Rules should be followed

It would appear that an effort has been made in drafting the Defense Production Act to protect trade associations and their members against a recurrence of situations similar to those following N.R.A., but it should be noted that the immunity granted by the Defense Production Act extends only to the activities expressly enumerated in the Rules.

Thus, while an industry advisory committee set up under the Act may safely discuss any subject "pertinent to the defense program," discussion of subjects which the Federal Trade Commission may deem not "pertinent" to the defense program, followed by concerted action on the part of industry members, may lead to difficulties. Again, an industry advisory committee is restricted to furnishing information and rendering advice and making recommendations *to the Government presiding officer, and then only when requested by him to do so.*

It is thus not permitted to volunteer information or advice, or to undertake to determine policies for the industry, or take any steps to enforce compliance with any request or order made by the Government presiding officer or any public authority. Nor may the members of an advisory committee enter into agreements or understandings among themselves or with the Government regarding any specific action to be taken by the indusry. The only agreement the Committee can make within its immunity is an agreement between its own members as to the recommendations which the Committee will make to the Government.

Great care needed

Activities beyond the literal scope of the defined functions of an advisory committee as set forth in the Rules and in the Act will be fraught with such danger that scrupulous care should be taken to keep the committee's activities within the strict limits of the Rules. Correspondence, or other writings, between the members of the committee, or with outsiders, which might lead to an inference of agreement or coercion by the committee on business policies or practices should be scrupulously avoided.

Second Collection Letter Contest Prize Is Awarded to Charlotte Credit Executive

Selections by Members of National Publications Committee Indicate Close Competition

IF you have a customer who always pays within the allotted time but thinks that because he is such a prompt payer he can take a discount, always, whether he has earned it or not, look at this month's prize-winning letter. It is the work of

J. E Cox, Credit Manager
Horne-Wilson, Inc.,
Charlotte, N. C.

and is the winning entry in the second letter-writing contest sponsored by this publication.

As in the first contest, results of which were announced in last month's issue, the standard of the entries was high and the National Publications Committee, the members of which had the job of deciding the winner, had no easier a time in judging than they did in the first contest.

Again the runners-up, and in fact most of the contestants, can assure themselves that they can write a really good letter. The runners-up, incidentally, were as follows:

Second: J. L. Wood, Johns-Manville Corp., New York.

Third: J. W. Morgan, Wheeling Corrugating Co., Columbus, Ohio.

Tying for fourth: John Rule, The Atlantic Refining Co., Philadelphia, and Granger H. Smith, The Buhner Fertilizer Co., Seymour, Indiana.

There is something satisfying about organizing a contest such as this. You don't realize just how well people can handle their assignments until they step forward and prove it. The details, of course, are tiresome and the National Publications Committee again had the job of plowing through the entries (and here again let us say that they were very good) to find the *one* letter out of the welter of entries. But they would be the first to admit that this particular chore was a pleasant one indeed.

J. E. Cox, Credit Executive
Horne-Wilson Inc.
Charlotte, N. C.

J. E. Cox, this month's winner, was a salesman before becoming a credit executive. In fact he was a salesman for a national food distributor for nine years.

In 1943 he changed to office work and became office manager and credit manager of Mack-International Motor Truck Corporation's district office in 1944.

In 1948 he resigned from Mack to accept his present position as credit manager of Horne-Wilson, Inc., in Charlotte, N. C. Horne-Wilson is a wholesale distributor of plumbing, heating, roofing, sheet metal and appliances with home offices in Atlanta, Ga.

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The problem

The problem for this second contest was as follows:

"You are the manufacturer of a staple consumer article and you have a customer in a sparsely settled part of the country. He is your only outlet in his part of the world. He has never been past due on his bills. On the contrary he always discounts, whether he has earned the discount or not. His habit of occasionally taking an unearned discount has been a considerable problem to your department.

"On his last order, a particularly large one, he has taken a discount a full fourteen days after the discount period and you have decided that this practice JUST HAS TO STOP. Though you can't afford to lose him as an outlet, he on the other hand can't afford to lose you as a supplier. Write to him."

Quite a number of the letters submitted followed the line of least resistance by telling their customer "we are allowing the discount this time but don't do it again," or words to that effect. The judges apparently disregarded all such letters. One of the judges remarked that Item 3 of the Canons of Commercial Ethics adopted by the National Association of Credit Men several years ago and endorsed at a number of annual Conventions should be studied by the writers of such letters.

No favors for anyone

This Item 3 states:

"Terms of sale as a part of a contract touching both net and discount maturity, are for buyer and seller alike binding and mutual, unless modified by previous or concurrent mutual agreement.

THIS IS THE PRIZE WINNER

Dear Mr. Smith: November 27, 1950

Thank you for your check received today in payment of our last invoice. Your increased purchases lately confirm our conviction that you are doing an excellent sales job with our product. All of us here appreciate this and want you to know that we are happy to be represented in your territory by a company like yours.

In the past we have said very little about cash discounts. Your checks are usually received within a few days of the discount date and the amounts involved have not been too large. Today's check, however, was received by us fourteen days late and the discount involved was substantial.

Cash discounts, Mr. Smith, are allowed for only one reason: to induce a customer to pay within a certain period of time. They are a reward which the seller of goods offers to the buyer for promptness in meeting his obligations. They have to be earned, else the purpose is defeated. For years we have allowed a discount of 2% to those who pay within ten days of invoice date and this enables us to make a similar saving in our purchases. Evidently, if our customers do not pay us within the specified time no saving is effected.

In this instance we would like to say that we will allow the discount for we think of you as one of our very best customers, but that would be discriminating against our hundreds of other customers who pay within the ten day period. It would break down their confidence in us. For these reasons then, Mr. Smith, we know that you will not object to our leaving this balance in your account and asking that you include it in your next remittance.

Sincerely yours,
John L. Jones

"No business gentleman may, in the performance of his contracts, seek small or petty advantage, or throw the burden of a mistake in judgment upon another, but must keep his word as good as his bond, and when entering into a contract of sale faithfully observe the terms and thus redeem the assumed promise."

A few of the letters based their appeal to the debtor on the statement that the Robinson-Patman Act prohibited allowing cash discounts beyond the stated terms. As pointed out in the Credit Manual of Commercial Laws the Federal Trade Commission has never made a direct ruling on this question of cash discounts. The Credit Manual states: "The term 'price' as used in the act probably does not include terms of sale such as cash discounts. As the bill was originally introduced differentials in price and terms of sale were proposed to be prohibited but the words 'terms of sale' were eliminated before the act was passed and apparently are outside the intent of the act."

The U.S. Supreme Court has never made a direct ruling on this question whether allowing unearned cash discounts are prohibited by the Robinson-Patman Act.

In the March issue of CREDIT AND FINANCIAL MANAGEMENT we will disclose the name of the third winner. After that there will be silence until Wednesday, May 16 (tentative date), when the winner of the grand prize will step forward during the 55th annual Credit Congress to receive the applause of all the delegates present—and one hundred dollars.

Here & There . . .

A petroleum company has a real estate manager who is exceedingly meticulous about title flaws. In a correspondence with a lawyer regarding the titles to some land in Louisiana, the lawyer gave information only as far back as 1803. The real estate manager wrote the lawyer asking who owned the land before that. He received the following reply:

"Louisiana was purchased from France in 1803. The title to the land was acquired by France by right of conquest from Spain.

"The land came into the possession of Spain by right of discovery made in 1492 by Christopher Columbus, who had been granted the privilege of seeking a new route to India by Queen Isabella.

"The Queen, being a pious woman and careful about titles (almost as careful as you are), secured the blessings of the Pope upon the voyage. The Pope is the emissary of Jesus Christ, who is the Son of God and God made the World.

"Therefore, I believe, you are safe in assuming that the original title goes back to God—and I hope to Hell you are satisfied."

—From the APCA Bulletin

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Credit Departments are made up of human beings, New Holland Machine Company reminded its dealers and salesmen last Christmas.

Modifying the statements that usually mean work for the receivers, New Holland's Credit Department, headed by Harold Hess, came up with a "Statement of Appreciation" for dealers and salesmen.

The "statement" to dealers was individually addressed and signed by the credit supervisor working with the dealer.

"Statements" to salesmen were individually addressed with signatures of all of the department reproduced.

Ordinary column headings like "Balance Due" were replaced by "Good Selling!" and "We Sure Enjoy Sending You This Kind of Report."

This was second - - -

Mr. J. D. Jones, President
Jones & Company
Slippery Rock, North Dakota
Dear Mr. Jones:

Thank you for your check for $3,422.61 tendered in settlement of our invoice of October 9.

We'd like to be able to allow the cash discount of $69.85 which you deducted, for we know how important a bearing cash discount has on a dealer's profit.

As you know, we have, on occasion in the past, ove. looked a few days delay in the mailing of your checks but in addition to the fact that this one was mailed on November 24, two weeks beyond the 10th, we cannot, in all fairness to our other customers, continue to allow cash discount unless the payment is made strictly within the discount period.

If we did not adhere closely to this policy, you would have no assurance that we were not being even more liberal with other customers, perhaps less deserving than you. You would, in fact, have good reason to question whether you were receiving equal treatment as to prices.

We do not discriminate between customers as to price, promotion or service. We can hardly do so with respect to cash discount.

As a good business man we know you will understand and appreciate our position and include the $69.85 in your next payment.

We hope too, that you will be able to earn the discount in the future by arranging to mail your checks within our discount period. We want to see you get that added profit.

Sincerely yours,
R. B. Williams
Credit Manager

This was third - - -

We thank you for your check dated November 25 amounting to $1,470.00 which together with $30.00 discount is offered in settlement of our invoice dated November 1.

Discount, Mr. Smith, is a premium offered for prompt payment and our terms provide that discount will be allowed if payment is made within ten days from date of invoice. In this instance your check was not issued until November 25 or 14 days after the discount period had expired.

While we have made small allowances of this nature in the past we believe you will agree that there is no justification in continuing this practice, which is not only unfair to our other customers but does not conform to the rules of fair trade practice.

Under the circumstances we have taken the privilege of depositing your check leaving the invoice in question open for $30.00 and ask that you please let us have your additional remittance for this amount to place your account in balance.

We also suggest that in connection with future transactions, where you wish to take advantage of our discount offer, you please forward your check in accordance with our terms of sale.

Yours very truly
R. W. Decker
Credit Manager

- - - and these tied for fourth!

Mr. John Spivis, Treasurer,
Joseph Blow & Company,
Smalltown, Pa.
Dear Mr. Spivis:

We thank you for your payment, but must return your check for correction because of the deduction of cash discount.

The ten-day discount period expired two weeks before your check was drawn. When the discount is not earned by ten-day payment, you, of course, have the privilege of 30-day net terms, and the bill will reach maturity in just a few days.

You are one of our oldest and most valued customers, and if we could grant special privileges to anyone, we would gladly do it for you. However, in fairness to you, and all customers, our terms must be the same to all, and we are unable to allow the discount in this instance because of the excessive time.

Please send us your corrected payment when the bill matures on the 30-day basis.

Cordially yours,
Credit Manager.

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Thank you very much, Mr. Jones—

for your remittance of $539.44 in settlement of our invoice of November 6th. Your consistently good paying record entitles you to a very high credit rating with our company and we are glad to extend the conveniences of credit whenever we are favored with your orders for merchandise.

As you know, our selling terms are 2% 10 days Net 30. The 2% is intended as a premium for making cash more readily available to us and is allowed to the customer for extra prompt payment. We encourage our customers to take advantage of this saving to them as often as possible.

Although the period of special cash discount expired on November 16th, the 2% was deducted on your check of November 30th. We realize, of course, that there may be a reason which you consider perfectly valid. On the other hand, I feel certain it was not your intention we should grant special favors which we would not extend to everyone. You would soon lose confidence in us if we gave concessions to other customers. In the same manner, they expect all to be treated alike. Therefore, will you kindly include the $11.01 in the check covering your next order?

Most sincerely,
Excelsior Mfg. Company
Lee Thornton, Credit Mgr.

Some of the "Facts of Life" about Bank Credit, and How They Affect

Mercantile and Retail Credit Today

by RAYMOND RODGERS

Professor of Banking in the School of Commerce, Accounts, and Finance, and in the Graduate School of Business Administration, New York University

OUR American way of life, which so many Americans take for granted, is in the throes of an all-out struggle for survival. In mortal danger from Russian imperialism, international communism and national inflation, it is the patriotic duty of each of us to understand the part we play in the economy so that we can discharge our responsibility, fully and safely. This is especially necessary for credit men, for never has there been greater power for good or ill in one group in the "body politic" than that which the present circumstances of inflationary pressures, high prices, and capacity production, to which must now be added the great new burden of rearmament, place squarely in the hands of credit grantors in banks and in business.

Credit is productive

Let none of you have concern as to the productive character of the work you are doing. By extending the *full* credit which each situation warrants, and no more, and by seeing that credit is placed only in the hands of those who will use it most efficiently and in the direction of the common goal of more production, you magnify, yes, multiply, production. Thanks to you, and, of course, the willingness of business men to borrow, the American use of credit has become one of the international wonders of the business world.

Just last month a group of French engineers studying the American phenomenon of mass production and productivity at first hand as guests of the Economic Cooperation Administration, on their own motion, asked the National Management Council to arrange a full week of lectures on increasing productivity through the use of credit. They told me that as engineers it was easy for them to show a French manufacturer how desperately he needed new machinery, or increased raw materials, or additional sales through credit extension, but that it was impossible to get him to make any change if he did not have the cash in hand. As one of the engineers put it, "The French fear of private debt shackles industry."

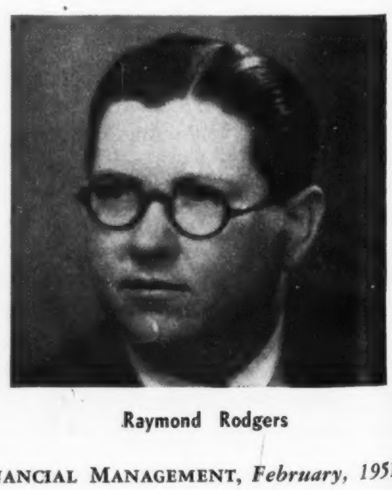
Because of this, these engineers wanted book, chapter and verse on actual cases of use of the various kinds of credit to increase production in America, so that they could convince the French industrialists that credit wisely extended and properly used more than pays for itself and, in addition, is beneficial to the economy in many ways. It was easy for me to show them that Wall Street, Detroit, and all in between, plus thousands of other up-and-coming cities from coast to coast, were in a very real sense monuments of credit of one kind or another.

As you know, there are many kinds of credit and although they have certain basic points of similarity, they also have wide dissimilarities. Of the various kinds of credit, bank credit is in a class apart because its extension increases the medium of exchange for the entire economy.

Bank credit, the modern "money"

The average man thinks of a commercial bank as a "marble mausoleum" at which some people, known as depositors, leave money which the banker in turn lends to others, known as borrowers. The bank is thought of as a cash institution, whereas, in fact, the actual

Raymond Rodgers is a nationally known educator, speaker and writer. A graduate of the University of Kentucky, he did his postgraduate work at New York University. He is consulting economist to the State Street Trust Company, Boston, and speaks frequently before state and national business and finance conventions. He is also a member of the faculty of the Graduate School of Credit and Financial Management. This article is adapted from an address before a joint meeting of credit men and bankers in Rochester, N. Y., January 10, 1951.



Raymond Rodgers

holdings of currency are usually considerably less than five percent of total assets. Banks are thus, in fact, credit institutions in every sense of the word.

As a matter of fact, the first, and the most important, function of banking is "recognition of the right to credit." By "right to credit" is meant that those who can use the credit safely and productively are entitled to it; others are not! The banking system is, thus, in reality, a vast mechanism through which production, distribution, and consumption are facilitated, and even initiated, by the use of credit. In performing this function, money (cash), as such, is distinctly subsidiary.

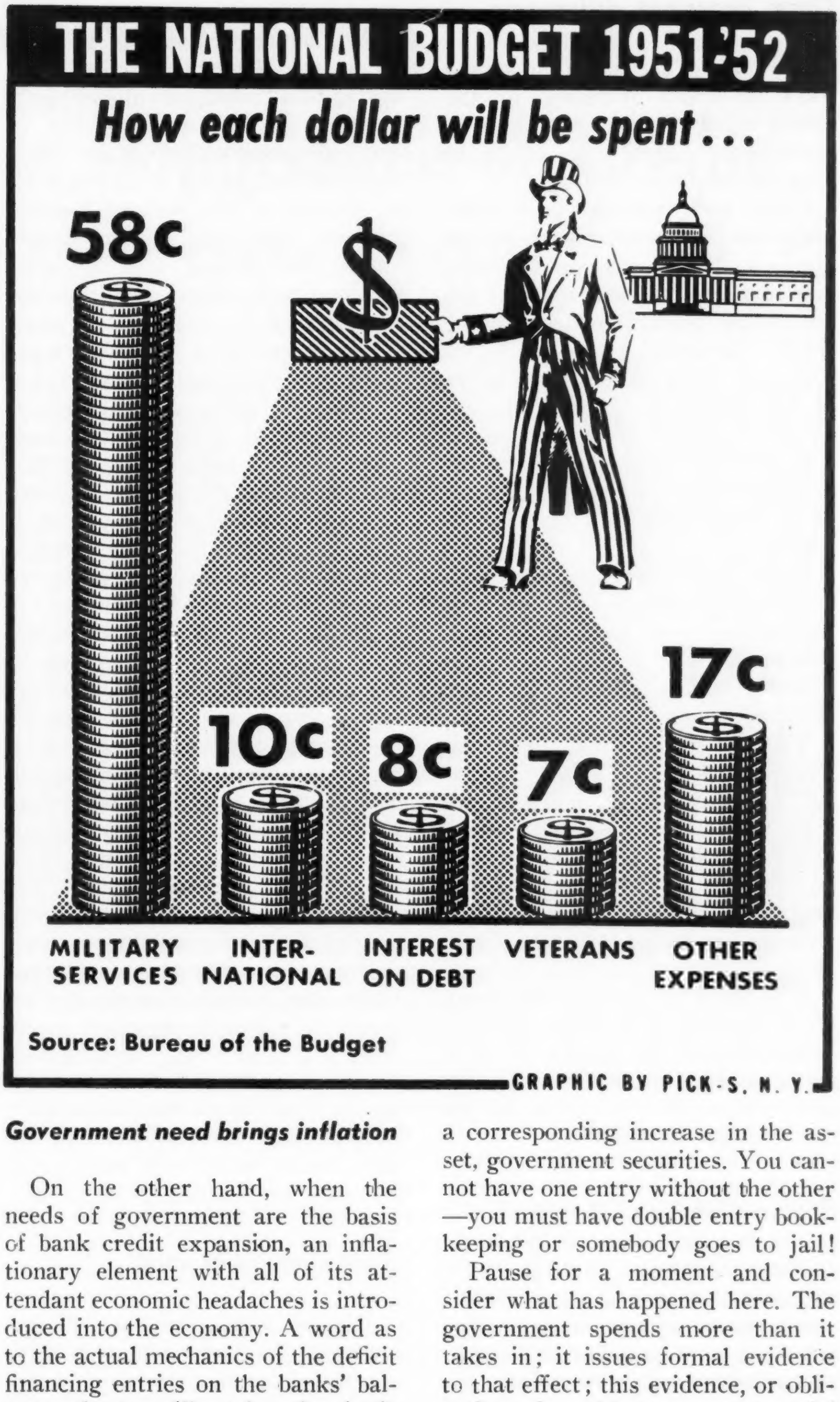
Business need creates "money"

The real "money" of commerce and industry is bank deposits. These deposits (or bank money) largely arises from the loans, discounts, and investments made by the banks. The asset on the bank's balance sheet is offset on the liability side by a demand deposit which is subject to check. It is simply double entry bookkeeping which results in the creation of deposits.

The thing to note is that this bank "money", eliminating for the moment bank investments, does not come into existence until the need arises and until the banker through "recognition of the right to credit" is willing to turn that need into a deposit at the disposal of the one who encountered the need.

There is thus a self-regulating aspect of such credit expansion. And, to the extent that the banker insists the loan be productive and self-liquidating, goods are brought into existence to offset the purchasing power created by the credit extension increasing the deposit account. There is, thus, no particular price inflation involved although such credit extension can cause "goods inflation," that is, boom activity which produces more goods than the market will absorb without a serious break in prices.

The needs of business, as the foregoing explanation indicates, are the normal basis of bank credit expansion; and, as long as bank deposits are tied to those needs, no serious problem ordinarily arises.



Government need brings inflation

On the other hand, when the needs of government are the basis of bank credit expansion, an inflationary element with all of its attendant economic headaches is introduced into the economy. A word as to the actual mechanics of the deficit financing entries on the banks' balance sheets will make the basic problem clear.

When the government foresees a deficit in the *cash budget,* the Treasury, through the Federal Reserve Banks as fiscal agents, invites subscription to a new offering of government securities to cover the difference between income and outgo. The banks subscribe and each bank receives authorization to credit "Treasury, Tax and Loan Account"—a deposit account on its books—with the amount of its allotment. The offset to this deposit liability is a corresponding increase in the asset, government securities. You cannot have one entry without the other—you must have double entry bookkeeping or somebody goes to jail!

Pause for a moment and consider what has happened here. The government spends more than it takes in; it issues formal evidence to that effect; this evidence, or obligation, is sold to a commercial bank for a deposit balance, which the government *via* its account at the Federal Reserve Bank turns over to others. Bank deposits of the general public are thus increased to the extent of such deficit financing, which is to say, purchase of government securities by the banks for deposit credit. Bank deposits were increased enormously in this fashion during World War II; in fact, we still have some $65 billion of commercial bank deposits based on government bonds.

Three important differences

Now there are three important ways in which increases in the money supply to meet the needs of government differ from those to meet the needs of business:

First, such increases are ordinarily for non-productive purposes (that is, in an economic sense); they result in no goods to offset the purchasing power created by the credit extension.

Second, such increases are more or less permanent; the purchasing power represented by the deposit is in existence as long as the government security is on the balance sheet as an asset, and that may be indefinitely.

Third, such increases are often in such large volume that they tend to dominate bank and central bank policy; normal banking activities may be unduly affected by these abnormal needs.

This all means that in deficit financing "we have a bear by the tail." In this respect, however, we must be realistic. As the western pioneer put it, "The proper attitude on what to do when you have a bear by the tail depends on whether you have a bear by the tail, or not!"

One thing is certain: this bank credit method of financing government deficits in emergencies is better than printing paper money; it's better than the "continentals" or the "greenbacks" methods!

Bank credit and our money

The direct effect of bank credit expansion, or contraction, on business activity is well known. Even when we were on a full gold standard, efforts were made to influence business activity by changes in the discount rate and open market operations by the Federal Reserve Banks. Moreover as early as the twenties, some students of banking, especially in England, began to suspect that the dollar determined the value of gold, rather than the opposite, as was thought by the purists! Now that we are on a discretionary-license-basis gold standard, and that only internationally, it seems beyond question that the effect of gold on prices is far less direct and considerably less important than in those far away gold standard days.

As a nation we are now, by legislation, tradition and practice, committed to a "managed" money; gold is more or less a side issue in this management. The money managers utilize general measures such as changes in the Federal Reserve discount rate, open market operations, and raising and lowering member bank reserve requirements, to achieve their credit control aims. These *quantitative controls,* especially the changing of reserve requirements, have a rough and ready, bone-breaking quality about them. They, like the rain, fall on the just and the unjust alike. They are very much like using a meat-ax for a delicate operation! Under present conditions, they have, in many respects, outlived their usefulness.

Qualitative credit controls, on the other hand, are just beginning to come into their own. Regulation W, newly revived from World War II, restricting consumer credit is a good example of qualitative control. Regulation X restricting real estate credit on private dwellings is another example of the money managers "calling their shots." The reason for these two fields being singled out for special restrictions is quite clear. The two chief props under the record-breaking civilian boom were durable consumer goods sales and real estate construction. Credit restriction measures which would reduce these demands to more normal dimensions would slow up the civilian-boom and thus make room for rearmament production.

More controls to come

Despite complaints from many quarters, Regulations W and X, in my opinion, are the forerunners of other measures of qualitative control. In the meantime, Chairman McCabe has asked for self-policing on credit extension. Despite the reasonableness of his request, I look forward to a continuing increase in bank credit extension until the civilian boom is cut back by physical controls or other measures. I say this because prices, especially of raw materials, are higher and also because we must get rearmament production rolling, which of course will require credit.

There is one important thing you should keep in mind on money management. Quantity of money is only one of many factors involved; moreover, it usually is overstressed. Despite what you have heard to the contrary all your life, psychology, folk ways, savings patterns, production efficiency, public debt management, and fiscal policy of the government are all just as important or even more important, than mere quantity of money. While I don't have time to cover all of these factors in one short article, I think we ought to take a quick look at fiscal policy and debt management.

Debt and purchasing power

Public debt management, especially when the national debt is of such large proportions as ours, has a very important bearing on the purchasing power of money. For example, the Treasury by its insistence on low interest rates regardless of their effect on the economy cannot escape a large share of responsibility for recent monetary developments. In other words, by issuing securities with such low interest rates that they must be supported in the market by the central bank, the Treasury has contributed to inflationary pressures. In addition, the type of securities offered by the Treasury, the maturity range, to whom the securities are sold, whether they are eligible for bank purchase or not and whether they are marketable or non-marketable, all have direct effects on the money markets and no inflation pressures. The *fiscal policy* of the government is another important determinant of the value of a managed money such as ours.

The "planned inflation," the expanding economy of which we heard so much from certain of the President's economic advisers just a while back, was a dangerous blueprint for government intervention in the economic process. You will probably recall how the President in his January, 1950 Economic Report to Congress fixed an annual national income goal of $300,000,000,000.00 by 1955. Well, thanks to free spending, especially by civilians because of Korea, the Oc-

(Continued on Page 29)

A Feed Industry Problem

The Growing Importance of Credit

By Thomas W. Staley, Staley Milling Co., Kansas City

THE subject, "An Analysis of Problems that Confront the Feed Industry Today," is considerably beyond me with conditions and circumstances changing rapidly and with plans in Washington yet in the formative stage so far as the feed industry is concerned.

The most favorable factors that I see in our situation are that (1) the entire industry is alerted, thinking seriously of the future and ready to act quickly; (2) the industry is aware of the flaws in the procedures that prevailed during and following World War II. Many of us are giving thought to how methods then in effect may be improved to the end that in the future prior evils be eliminated and the good features made more effective, remembering always that the feed industry is a complex one that can easily be thrown into turmoil when the free flow of supplies is interfered with. The black markets that affected our industry during and after World War II were the result of unsound values assigned to various supplies and commodities and to the subsequent maldistribution and misuse thereof.

The present supply situation is most promising, as we all know. Food and feed are plentiful. There is no visible reason for a general crisis in our industry in the foreseeable future but we must be constantly on the alert and ready to act when less favorable conditions arise. The feed industry stands ready to cooperate fully with federal agencies and in every way possible as need arises.

The Problem of Credit

I believe I should be on a sounder basis for discussion if I should forget the national picture, which at present is not clear, and talk about one of our every day industry problems. We may disagree as to which of our daily problems is most important but since I want to be on safe ground, I should like to talk about a problem of growing importance—credit. I think most of you know what I mean by "the growing importance of credit."

Credit wisely used is an instrument of value. Credit unwisely used is an instrument of destruction. Credit in our industry, as in many others, has often been used as an easy means of effecting sales. When other sales efforts have failed, when the feed otherwise could not be sold in satisfactory volume, the selling of credit—instead of feed—has been a much used tool.

In the beginning, the extension has usually been on a reasonably sound basis but too quickly competition has forced more liberal terms. Interest, collateral and financing charges have been gradually eliminated. The integrity of dealer or feeder has become less important as one competitor has outdone another.

Credit has been a stimulant for our industry but we all know that whenever an excessive amount of any stimulant is used, an hour of reckoning inevitably follows. I don't know when another day of reckoning will come—but it will, and that day will be a woeful one for those over-extended.

We have seen credit expand in the broiler field from 60 days to 120 days, and longer. I am told that in one area financing is done for 5% but that the first and last month of the operating period are not considered. This is what happens when competition outdoes competition.

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This is the essential text of an address by Thomas W. Staley, Staley Milling Co., Kansas City, and chairman of the American Feed Manufacturers Assn., before the recent convention of the Grain & Feed Dealers National Assn. in Kansas City.

Others charge no interest at all. In some instances we now have guaranteed profits to the producers. There is real competition in financing, gentlemen, when the feed manufacturer not only supplies the feed on credit, but also the chicks, and in addition protects the feeder against loss and in some instances even guarantees him an operating profit.

Turkey financing has developed its evils. Pullet and laying flocks are being generously financed in some areas. Hog feeding is now being financed on a large and liberal scale without security. Some mills are financing hog feeders without a representative of their company ever seeing the feeder or his hogs.

Our industry has more than enough innate hazards without our promoting credit hazards. Never overlook that there will be some day a break in commodity prices, perhaps from levels very much higher than we have ever known to levels lower than we reached in January and February, 1948. Many of us will have all the shock we can absorb without suffering the enormous credit losses that are sure to come where liberal credit has been extended on unsound terms. The best time to get one's accounts receivable in order is when times are good. Any other time may be too late.

In contrast to the doubtful credit practices developing in the feed industry, good credit practices have existed all through the years among the grain firms. What would the feed manufacturer or dealer think of the grain merchant who would say, "Give me your grain business and I will extend you 60, 90 or 120 days credit"? I wonder, sometimes, what the reaction is when the feed manufacturer offers dealer or feeder such terms. Most everyone respects a firm credit policy.

WE MUST ALL HOLD IT DOWN!

Trimming one's credit policy is like cutting prices—one step downward leads to another—and ultimately to the destruction of a sound operation.

So much for the generalities.

Since every type of feed manufacturer and feed dealer can be reached here, we might have a look at what constitutes a sound credit basis to and for our dealers.

Top-Heavy Accounts

We must realize that top-heavy accounts receivable slow up the entire business operation. Mill and dealer alike find themselves short of capital when they over-extend creditwise. Then both must shrink their volume. This means, in turn, reduced income and decreased ability to meet obligations on the part of both feed manufacturer and dealer.

Too many of us, especially the larger firms, consider credit a matter for the credit manager to handle on his own, whereas its effect is so broad that the subject should have consistent attention from top management. Policies in this field should be reviewed as economic conditions change. A sound credit policy yesterday may be obsolete tomorrow.

Make it easy for customers and prospective customers to supply you with complete financial information by furnishing a suitable form for setting forth the information you want. Get commercial credit reports, as they may predict weaknesses you would not otherwise suspect. Many banks have credit departments which can get valuable information through their correspondent banks. This is an excellent source of information. Keep your credit files current. Never let them become obsolete.

When a dealer becomes delinquent, don't hesitate to deny him the right to buy your products. The feeder wants your feeds or the dealer would not buy them. Dealers, likewise, should try the same method on the delinquent feeder. You will often be surprised at the response to this treatment. Try it.

Feed dealers and feed manufacturers should not overlook that we are unlike some industries and businesses that have a gross markup of 50% to 100% and that have in their selling price a substantial protection against losses. Our margins of profits on feed are extremely small. Ingredients, containers, direct labor, insurance, taxes, transportation and other costs make up from 90 to 95% of our selling price. Thus, the feed dealer or feed manufacturer has to sell several hundred bags of feed to overcome a $100 credit loss.

Counsel with your dealers concerning their credit problems. Many do not understand the hazards of a bad credit policy. They do not realize that to operate securely and profitably they must keep their accounts receivable in ratio with their volume of sales. Encourage your customers to a conservative credit policy.

Encourage Bank Production Loans

Finally, be aware that the banks have plenty of money to lend at reasonable rates. Bankers think more about collateral loans than they do production loans. Every feed manufacturer and every feed dealer should talk to bankers at every chance about the vast opportunity for making production loans on hogs, poultry and cattle. The banker's business is lending money, whereas the business of the feed manufacturer and the feed dealer is the production and distribution or sale of feed. If we all work at this, much can be accomplished in the months and years ahead.

Remember, the over-extension of credit to dealer or feeder keeps the marginal operator in business, intensifies competition for each and all of us and disturbs the normal functioning of supply and demand to the detriment of our entire economy.

Let all of us here resolve to keep on an increasingly sounder basis in the future the great industries of which those here assembled are an important part. The place to start for each of us is at home. If each of us operates his own business always soundly and constructively, our industries will take care of themselves.

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What is your most important asset?

—and what are you doing to build it up?

by NORMAN BRUCE SIGBAND
Chairman, Department of English
De Paul University, College of Commerce

"The goodwill of a business is the custom which it attracts and the benefits or advantages it receives from constant or habitual customers, and the probability that the old customers will continue to come to the place."*

TO define and discuss the rather intangible quality of goodwill is simple, but to build and hold it is much more difficult. It is agreed that the good will of a business often has as much (if not more) material value as the stock and fixtures—and courts have frequently ruled to that effect. Thus, if good will is so important to a business, it is incumbent upon the firm to bend every effort to build that quality in every way possible. Surely one of the best weapons that one may employ in building up the good will of a company is the simple and inexpensive letter.

We will all agree that it is human nature to be flattered by someone's sincerely expressed interest in a topic of mutual concern. This fact is so apparent and the dividends in better buyer-seller relations so obvious, that it is quite amazing to note how few businessmen extend themselves to carry it through.

Goodwill for goodwill's sake!

It is true, of course, that every business letter *should* build good will. But almost invariably that is the secondary purpose and the primary aim is to make an adjustment, sell an item, collect a bill, etc. Thus the goodwill section does little more than carry through an overall tone of courtesy. However, the letter devoted *entirely* to good will receives a completely different reception. Here is a letter sent for "no real reason." The writer merely desires to know if everything is satisfactory and if there is anything he can do for the customer. Who *wouldn't* "glow" a little while reading such a note?

The buyer today is accustomed to purchasing from a firm or company, receiving an invoice, paying it and thus reaching the end of a transaction. But although that is the end of *this* transaction, it can well serve as just the beginning of a great many more. So few times does the company concern itself with the buyer *after* the transaction has been consummated, that it is truly a pleasant and welcome surprise to the purchaser when he does receive a note of appreciation.

It need not be an expensive, individually dictated, personal letter (although this is definitely preferred); a simple, but well constructed and nice-appearing form letter—with a true pen and ink signature—is sometimes sufficient. Perhaps a letter like this may help make the buyer feel that *he* is "something special," and not just another of hundreds of order numbers:

> Your last order was shipped on January 2 and by this date has probably arrived.
>
> We know you will find every item to be exactly as described in our catalog and completely satisfactory for your needs. The products were assembled in conformity with your requests, and your sale of them will result in a very satisfactory margin to you.
>
> We want you to know that we appreciate this, and all other orders you send the Excello Corporation. We will endeavor to serve you to your complete satisfaction and to satisfy your needs and requests. We are well aware that you and the thousands of our other customers are really the Excello Corporation. Therefore, it is our duty to take care of you; this we try to do by a nationwide advertising campaign coupled with frequent visits to your store by members of our sales staff.
>
> Under separate cover we are forwarding our winter window display kit. We know you will find the colorful designs and displays to be attractive as well as profitable.
>
> Remember, you can depend on Excello for the best in home appliances and dealer service.

Notice several factors concerning this letter. It is written in general terms so that it may be distributed to a large number of accounts who may fall into slightly different groups. The wording of it is thoroughly positive and there is no mention of possible error, dissatisfaction or delay. And note also that it isn't effusive or obviously insincere in its approach. This good will letter encounters no great problems in the writing and is invariably accepted by the addressee with appreciation.

For the absent friend

A much more difficult problem is the good will letter directed to the individual from whom you haven't heard for some time. All too often a survey of accounts reveals a number of names which have become inactive. Some of them were excellent customers, others only mediocre. *But they were* accounts and as such they were factors in your company's profit margin. Why have they stopped ordering?

* Johnson v. Friedhoff 27 N. Y. S. 982, 983, 7 misc. 484.

Unsatisfactory service? cheaper prices elsewhere? tactless salesmen? or an unknown reason? Regardless of the cause, for it is relatively unimportant, the fact that he is no longer a customer *is* the problem, and the solution to this vexing situation may lie no deeper than a good will letter.

Normally a business man will be flattered by your evident interest in him and why he has "left the fold." Here again, the writer must be very careful that a note of selfishness ("our company misses the sales you sent us each week") does not work its way into the letter.

> We have missed *you*.
>
> The salesman who took your order, the shipping clerk who filled it and the driver who delivered it. Yes, the entire Acme family has been wondering where you've been.
>
> Certainly it's possible that we are at fault; business wouldn't be business without an occasional slip-up. But the important point for us is to find the difficulty, erase it and bring you back to Acme.
>
> We would appreciate your taking the time and effort to tell us what the trouble is—don't pull any punches; our hide is tough. We want your good will and our feelings are secondary.
>
> We've enclosed a stamped envelope and we're hoping it will carry your reply back to us within the week.

What approach?

There is quite obviously place for criticism of this letter. It is negative in that it brings up "misunderstandings" and shoulders the blame for the situation. However, it is frank and inasmuch as someone very probably *did* make a mistake, it might be wise to discuss it. On the other hand, there is the possibility, and some advantage, of writing a letter that bypasses the inquiry into the reason for the discontinuance of patronage. It simply talks of pleasant affairs, such as a new advertising campaign, special sales or the introduction of a new line.

> We're delighted that we are able to write this note, and tell you of plans for Acme's winter advertising campaign. It is designed to appeal to every consumer in your area.
>
> Last year's campaign, we were gratified to hear from our dealers, brought increased sales, good will and made for an outstanding season. We hope the results of this year's endeavor will be twice as good.
>
> The campaign begins December 15 and will be spread in newspapers, magazines, radio and—this year—television also. In addition you will receive three deliveries of display material made up of flyers, posters, window display signs and circulars. We are sure your sales and margin will increase appreciably.
>
> Frankly, Acme depends on each of its customers for its stability. To maintain that stability, we need your good will at least as much as your business. Thus if there is anything we can do to build that good will, let us know. We want to cooperate with you and, if possible, fill all your needs and requests.
>
> Toward that end. we've enclosed a self addressed envelope. Your ideas, suggestions, bouquets and even brickbats will be appreciated.

"Special occasion" letters

Thus far we have discussed the "thank you" type of good will letter which follows a sale and the more difficult letter which attempts to regain a lost account. There are, of course, a great many others but perhaps one of the most effective is the goodwill letter written "around" a holiday or at a fiscal period. Actually it is nothing more than a thank-you note for business received with as strong a "you" approach as is possible in such a case.

> Each year about this time we indulge in a little retrospection and try to determine if we have served you as well as we might. It's always obvious that we have much to be grateful for, and of course, we should not have waited until the Christmas season to pen a few lines of appreciation to you.
>
> But we do want you to know we've enjoyed filling your orders and our "Thank You" is voiced more frequently than in just this letter. If there is anything we can do to further our pleasant relationship, please let us know immediately.
>
> In the meantime, accept all our good wishes for a happy Holiday Season.

It is probably wise to avoid any specific sales appeal in a letter of this type for there would be a natural resentment of your use of a holiday season as a subterfuge for pushing the sales of your products.

For the "incomplete" customer

Another goodwill letter, which may well be considered, is directed to the customer who is using only a few of your products, although he obviously has need for the complete line. First, it might be well to determine *why* he uses only one or some of your products. It may be that the quality is superior to that of competitors or that your price is lower. Or, it may be that he is not aware of your complete line. In any event, your desire is to make a better customer of him.

Naturally, if you can determine the reason why he is not using your full line, you can more intelligently construct your letter. If not, then a general approach to the problem may serve as a basis for a wide variety of cases.

> Perhaps, Mr. Green,—
>
> You, like Mr. Martin, have wondered about the make-up of our firm. Mr. Martin is one of our regular customers, although his store is 450 miles from our plant.
>
> He stopped by the other day and said "I've bought farm work clothes from Acme for some time now, but I also hear you've got other things I might be able to sell in my store."
>
> Well, we were delighted to talk to Mr. Martin and tell him all about Acme, and how he could increase his profit margin and turnover with Acme products. We mentioned our complete line of young tots' wear. Every conceivable article of children's apparel for play and dress is made and sold by Acme.
>
> In addition, we told Mr. Martin of the full line of women's wear we handle. Everything for America's lady from head to toe and a variety for each season of the year. And of course, our selection for men is equally as complete.
>
> We also told Mr. Martin of our distribution of monthly sales aids, the 2 per cent discount on orders, credit extension, and a variety of other services we are happy to offer for the benefit of our customers.
>
> Before Mr. Martin left, we gave him a copy of Acme's new winter catalog; it illustrates some 5,000 items. We're sending you one also, for we know you will find each of our 18 sections well worth considering for your winter merchandise order.
>
> Let us hear from you if there is anything we can do. We've enclosed a stamped envelope and order blanks with the catalog.

The type of letter illustrated above is not an easy one to write. Your desire is to acquaint the reader with your products and you can only do that by discussing *your* company. This obviously gives the letter a

(Continued on Page 39)

It's A Long Time Between

BALANCE SHEETS

L. F. DUVALL
Assistant Secretary
PACIFIC MARINE SUPPLY CO.
SEATTLE 1, WASH.

"More than pleased with results of your collection service. Have used for years. Unhesitantly recommend."

R. D. CLARK
Executive Vice-President
GENERAL WHOLESALE CORP.
RICHMOND 19, VA.

"Your traveling adjuster system has produced extraordinarily successful results."

J. A. LIVI
Credit Manager
SURFACE COMBUSTION CORP.
TOLEDO 1, OHIO

"Highly satisfied with efficient and prompt service on collections over several years."

GRANT ORR
Credit Manager
SHAW BROTHERS OIL COMPANY
MIAMI, FLORIDA

"Best service and costs more reasonable. Highly recommend Association collection service."

RALPH LAUGEL
Credit Manager
PEYTON'S, INC.
LOUISVILLE 2, KY.

"Your efficient service is a constant safeguard against credit losses."

W. H. LEWIS
Credit Manager
BALDWIN SUPPLY CO.
CHARLESTON, W. VA.

"The Association collection service is an efficient and profitable assistance."

• Ask About THE CREDIT MANAGERS' 15-Point Collection Program •

Use Collection Bureaus "Approved" by the

National Association of Credit Men

1 Park Avenue
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33 South Clark Street
Chicago 3, Illinois

NATIONAL ASSOCIATION OF CREDIT MEN · ORGANIZED · VIGILANTIA · 1896

Here we have a financial statement;

What does it *mean*?

by HELEN M. SOMMERS

Credit Manager, Trojan Hosiery Mills, Indianapolis

CONCEALED in the verbal overgrowth of a financial statement lies many a semantic booby-trap awaiting any unwary credit analyst who assumes that what the words on the statement mean to him was what they meant to the person who prepared the statement.

Last month we examined the need for penetrating the exterior of a statement with a bombardment of well-aimed "what-when-where" questions—a process we called *extensionalization.* The questions presented last month were directed toward the statement as a whole. By them we were able more accurately to determine the degree to which we could accept a particular statement for our credit purposes. This month we will direct our questions toward each of the respective items usually listed on a financial statement.

Little differences make big differences

It should be recognized at the outset that each of these items which we will examine is categorical in nature: dollar values of things that are considered "the same" or similar by the maker of the statement have been grouped in one aggregate amount and called by one account-name. But things which have points of similarity also have points of difference, for no two things are exactly alike. Most of us have the bad habit of noticing similarities while paying little heed to differences. Sometimes those differences are crucial. One of our tasks in statement analysis, then, is to discover within each category of similar things those differences that can make such a big difference in our credit decisions. That is the reason for extensional questions. So on with the check-list:

Cash—the most fluid and rapidly changing asset on the statement—is first up before the microscope.

Was cash on hand listed separately from cash in bank(s)?

(Some credit theorists are prone to point out that one of the advantages of segregating these two items lies in the ease with which a false bank balance can be proved if the creditor finds it necessary to give evidence in court that a statement upon which he relied was fraudulent. This droll piece of logic unconsciously by-passes a most obvious point: after all when is the better time to make use of this accessible evidence—at the analyst's desk before credit is accepted, or in court after the creditor is hooked?)

Was cash in bank at statement date confirmed by the bank(s) either directly to you or to your reporting agency? Or certified by a reputable accountant who checked it? Was cash at statement date representative of the approximate balance usually maintained? What average daily balances were reported by the bank? For what period? Was cash in bank at statement close to or substantially lower or higher than that average?

What kind of money?

If your customer exports to or imports from or maintains branches in foreign countries, was any of the cash that was reported on the statement deposited in foreign banks? Where? How much? In U. S. dollars or local media?

(Study exchange rates, and regulations at statement date governing the transmission of funds out of the country in question before evaluating the availability and extent of such funds. Frozen funds should be transferred to slow assets.)

Was any of the cash on the statement earmarked for special purposes, such as to implement special reserves?

(These funds should be segregated, and if such special purposes are not immediate the amount should be transferred to slow assets. If they will be required for a special purpose within a year from statement date they should be classed as current assets and the corresponding reserve account shown as a current liability.)

Were bank loans outstanding at statement date? Or when the bank was last consulted? When was that?

(While evaluation of a statement for credit purposes should be in terms of a going business and with full awareness that in the event of bankruptcy all assets are likely to have dwindled since statement date, it is well to remember that banks do usually have a preferential lien on a borrower's deposits, whatever they may be on the fatal day.)

How receivable?

Accounts Receivable, when carefully screened, may yield an unsuspected variety of differences.

Did an independent accountant verify them by direct correspondence with the debtors? Were any of the following included, and what were the respective amounts: advances to salesmen, amounts due from employees, due from officers, due from vendors for returns, allowances, etc.?

(Transfer all these amounts to miscellaneous non-current assets. Scale down liberally if more than six months old or of obscure date.)

Advances to vendors against future merchandise deliveries?

(Remove from receivables and class as a separate item in current assets following merchandise inventory. The significance of an advance to a vendor can only be evaluated in the light of other credit facts about the debtor. The vendor may have requested a cash deposit to protect

himself against what he considered a poor credit risk; or to insure himself against cancellation of an order; or to relieve his own financial tension.)

Did accounts receivable include any substantial credit balances due customers for returned goods or for advance payments?

(If so, increase accounts receivable by these amounts and show them as a current liability on the opposite side of the statement.)

Did accounts receivable include amounts due from affiliates for loans or advances?

(Remove from receivables and show as a non-current asset.)

Or amounts due from affiliates for merchandise?

(Include as a current receivable only if billed on regular terms and not treated as an advance with indefinite maturity. If this is doubtful treat as a slow asset. If you exclude such amounts from accounts receivable, the corresponding sales to such affiliates should be excluded from the sales account before you apply the formula given below for determining the average collection period of accounts receivable.)

Consigned merchandise

Did accounts receivable include the value of merchandise consigned to customers to be paid for when sold by the customer?

(Exclude from receivables and from sales, and show as part of merchandise inventory at cost.)

Did accounts receivable include any billings for raw materials consigned to a contractor for processing and redelivery?

(This, too, is properly a merchandise inventory item, work in process, and should be transferred there and valued at cost.)

Were amounts due for the sale of used machinery, plant, fixtures, etc., included in accounts receivable?

(Transfer to miscellaneous slow assets.)

What was the total dollar volume of sales for the fiscal year ending

at statement date? What per cent of these were made on open account? On what terms? What per cent of total sales represented installment sales, if any? On what terms? What average down payment was required? What per cent of accounts receivable at statement date represented installment accounts?

Average collection period

What was the average collection period of accounts receivable on open account as of statement date, after putting into effect the exclusions recommended above?

Formula:
(1) Multiply year's net sales for period ending at statement date by percent of open account sales, to obtain year's net open account sales.
(2) Divide result of (1) by 365 to obtain 1 day's average open account sales.
(3) If a portion of accounts receivable represents installment accounts, deduct them from accounts receivable. Also deduct from accounts receivable that portion of reserve for bad debts applicable to open accounts. Then divide the result by 1 day's average open account sales to obtain the number of average day's sales uncollected at statement date—or the *average collection period* of open accounts.
(Where notes receivable for merchandise also appear on a statement, deduct their reserves, if any, and add net notes receivable for merchandise to net accounts receivable under step (3) to obtain average collection period of open accounts and notes receivable for merchandise sold.)

What was the average collection period of installment accounts at statement date?

Formula:
(1) Multiply year's net sales by percent* installment sales. Then deduct total down payments, figured on basis of percent* average down payment required. The result will be the year's net installment sales.
(2), (3). Proceed in manner parallel to formula for open accounts, step (2) and (3) above, to obtain average collection period of installment accounts receivable.

What is the ratio of the average collection period to terms of sale? (Divide collection period for open accounts by open account *net* terms of sale. Divide collection period of installment accounts by installment terms of sale.)

Is the date of statement immediately after peak season when accounts receivable are likely to be seasonally high?

(If not, the ratio of average collection period to terms of sale should not be more than 1⅓:1 for open accounts and 2:3 for installment accounts. If greater, the receivables probably contain many accounts of doubtful value and should be scaled down by increasing reserve for bad debts to whatever figure is required in order for the formula to yield an average collection period within these limits. When you increase the reserve, decrease the tangible net worth by the same amount. If possible, too, obtain an actual aging of the accounts receivable. What percent current? 30 days past due? 60 days, etc. Ordinarily accounts more than 90 days old should be 50% or more reserved, unless payments in this line of business are characteristically "slow but good.")

Did accounts receivable include any accounts in bankruptcy, receivership, creditor's committee, assignee, etc.? What amounts, Where these reserved 100 per cent?

Assigned receivables

Were any receivables at statement date assigned as collateral to secure loans or advances? Assigned to whom? Discount corporation? Bank? Factor? With recourse? Notification of non-notification basis —i.e. do customers pay directly to the lending agency or to the seller?

Do the laws of your customer's State require registration of assigned receivables? Did your credit agency search public records for possible assignment? Were accounts receivable shown on the statement net of these assigned accounts?

(If so, add back into the current assets, but show separately as accounts receivable pledged, and show the corresponding liability on the opposite side of the statement.)

Factored accounts

Have any accounts been sold to a factor without recourse?

(These should not, of course, appear on the statement at all. If your supplementary information shows that your customer factors his accounts receivable without recourse, scrutinize carefully any accounts receivable which appear on the statement. They may include accounts to which the business no longer holds any title whatever. Or these receivables may be accounts which the factor's credit department was unwilling to accept because they were poor credit risks. Calculating the average collection period is revealing in such cases. A collection period of considerably less than net terms of sale would indicate that accounts that have been factored have been properly excluded and that the remaining accounts are not too old. On the other hand, an average collection period equal to or greater than terms of sale might indicate: (1) accounts receivable sold to a factor but still falsely, perhaps even fraudulently, carried on the books; or (2) factored accounts properly excluded, but certain other accounts probably not acceptable to factor carried on the seller's books and very much past due. In any case where accounts receivable appear on a statement of a firm that factors its accounts without recourse, get a complete explanation and adjust doubtful values by liberal reserves.)

Approximately how many customers' accounts were included in the accounts receivable balance shown on the statement? Were any unusually large amounts due from a few customers? Who were they?

(Better get reports on your customer's very large customers if they represent the bulk of his sales. Consider danger of few customers—credit losses, volume loss, and the purchasing pressure which a large customer can wield for price and other concessions.)

Has the paying power of this firm's customers been reduced by any unusual economic developments and interferences at statement date and since: strikes, floods, droughts, crop failures, etc.?

(Refer to your supplementary information on diversity of distribution, geographic spread or concentration of market, source of income of your customer's customers, etc.)

Questions on notes

Notes Receivable can represent a number of similar things with individual differences that have important credit significance.

Were these notes given by your customer's customers for merchandise purchases? Were the notes given when the goods were purchased? Or were they given only after open book accounts had become past due? When were they dated? When due? How old were the original debts at the time the notes were given? Are any of the notes past due? Have ample reserves been set up?

If the notes were given at time of purchase, is it customary in this kind of business for a customer to give notes or trade acceptances as evidence of current indebtedness?

(Continued on Page 40)

* Percents are of course used only when actual figures are not available, which is usually the case.

You Can't File Your Proof of Claim After Three Months' Period

AN IMPORTANT decision by the U. S. Court of Appeals for the Third Circuit rules that provisions of Section 355 of the Bankruptcy Act (which sets a time limit of three months from date of adjudication within which creditors must file proofs of claims) are inflexible and any creditor who fails to file within that period is barred entirely from receiving dividends.

Chief Judge John Biggs, Jr. made the ruling with Associate Judges Harry E. Kalonder and William H. Hastie concurring. The case was that of Supermit, Inc., girdle manufacturer, formerly of 324 Broadway, Elizabeth, N. J. The claim of the M. & I. Discount Co. against the debtor company was filed seven months after adjudication and was allowed by the bankruptcy referee who was upheld by Federal Judge Thomas J. Madden in Newark, N. J. The Court of Appeals, however, over-ruled Judge Madden. Chief Judge Biggs said in his opinion:

"Section 355 of Bankruptcy Act is clearly a statute of limitations and is to be considered as a bar to a creditor who has not filed a proof of claim within the period specified.

"One of the abuses which Congress has continuously sought to avoid is delay in disposition of bankruptcy proceedings. Expeditious administration was a prime objective of the 1938 amendments and it was the intention of Congress in effecting these amendments to obviate long delays in distribution of dividends which has previously afflicted creditors. We are of the opinion that a too liberal approach to the individual creditor's claim may endanger the rights of other creditors and affect disastrously the administration of a bankruptcy proceeding," the opinion also stated.

•

Famous Last Words

"My husband and I have studied your circular very carefully and we have decided that we do not wish to join the income tax."

LEGAL NEWS AND NOTES

Reviewed by Carl B. Everberg
Assistant Professor of Law, Boston University

The New Bankruptcy Act in Canada of Interest to Credit Men in United States

THE new Bankruptcy Act in Canada was made effective last July. Many changes were made in the old Act, and decisions rendered by the courts on bankruptcy matters will be supplanted by the new statute. Some of the more interesting features are set forth below.

Insolvent person—one who is unable to meet obligations as they become due *or* whose property if disposed of at a sale under legal process would be insufficient to permit payment of such obligations, provided the person's liabilities amount to $1,000 or more.

Compare U. S. Bankruptcy Act definitions: "whenever the aggregate of his property . . . shall not at a fair valuation be sufficient in amount to pay his debts."

The Canadian Act permits, under the first alternative ("unable to meet obligations as they become due") an easier ground for a receiving order than creditors have under an involuntary proceeding in the United States (although petitioners under the Canadian Act must show that the debt or debts owing to petitioner or petitioners aggregate $1000 or more as compared with $500 in U. S.).

Possession of assets — The old system of appointing a custodian following an assignment or the making of a receiving order no longer obtains. The official receiver or court appoints a licensed Trustee at once. This trustee may, before the first meeting of creditors, carry on the business of the bankrupt, if advisable, or dispose of it if it is perishable or likely to depreciate quickly.

The trustee's appointment must be affirmed at the first meeting of creditors.

Another licensed trustee may be appointed at any meeting of creditors but it requires a special resolution adopted by a majority in number and three fourths in amount of the proven claims of creditors present or represented by proxy and voting on the resolution.

Proposals to creditors for compositions, extensions, arrangements—

The new Canadian Act provides for a proposal signed by the debtor and lodged with a trustee. This can be done without first making an assignment or being adjudged bankrupt. The trustee then calls a meeting for consolidation of the proposal on not less than 10 days' notice. Acceptance of the proposal results from a special resolution decided by a majority in number and three fourths in amount of proven claims of creditors present or represented by proxy and voting on the resolution. After acceptance the trustee must obtain approval by the court. Fourteen days' notice is given every creditor who has proved a claim. The terms of the proposal are, after approval, binding on all creditors having provable claims and being affected by the proposal.

Discharge of bankrupt—Hearing on application for discharge (no special application being necessary in case of non-corporate bankrupt) comes up as the result of the trustee's applying for the hearing. Before the hearing the trustee must file with the court a report, which is to show the cause of the bankruptcy, the manner in which the bankrupt has performed duties imposed by the Act and the conduct of the bankrupt before and after bankruptcy, and any facts which would justify the court in refusing an order of discharge. The order may be granted on terms or conditions, i.e. the payment of a further dividend or sum of money. The trustee or any creditor may require the bankrupt to attend for examination under oath on questions concerning any statement filed by the bankrupt, any earnings, income or after-acquired property or dealing of the bankrupt. If the bankrupt fails to give such information or to attend the examination, the court on the application of the trustee or any creditor may revoke an order of discharge granted on any conditions.

Speedier Service Expected from Local OPS Offices

CREDIT executives with price problems will probably receive prompter attention to their questions if they address them to the nearest local office of the Office of Price Stabilization than if they sent them direct to Washington. They can also obtain copies of the wage and price regulations, amendments, modifications and such from the local offices.

The offices below have been set up by the OPS. The city first named in each region is the head office for that region.

REGION I

Boston, Mass., 141 Milk St., 4th floor
Portland, Me., Post Office Building, Forest Ave.
Providence, R. I., 49 Westminster St., Room 814
Montpelier, Vt., 126 Main St.
Hartford, Conn., 179 Allyn St., Suite 504
Concord, N. H., 44 South Main St.

REGION II

New York, N. Y., 2 Park Ave., 11th floor
Buffalo, N. Y., Ellicott Sq. Building, 295 Main St., 2nd floor
Newark, N. J., 185 Wool St., 2nd floor

REGION III

Philadelphia, Pa., Commercial Trust Bldg., 15th & Market Sts., 11th floor
Pittsburgh, Pa., Fulton Bldg., 6th and Duquesne Way
Wilmington, Del., School No. 28, 901 W. 8th St., rooms 6 and 7

REGION IV

Richmond, Va., 900 North Lombardy St., 2nd floor
Baltimore, Md., 108 South Gay St., room 210
Charlotte, N. C., Coddington Bldg., 500 West Trade St.
Charleston, W. Va., 601 Virginia St., east
Washington, D.C., Courts Building, 310 Sixth St., N.W.

REGION V

Atlanta, Ga., Silvey Building, 114 Marietta St., N.W.
Birmingham, Ala., Bell Bldg., 1814 2nd Avenue
Columbia, S. C., 1313 Main Street
Memphis, Tenn., Marx and Bensdorf Bldg., 2nd and Monroe St.
Jackson, Miss., Clancy Building, 407 West Capital St.
Jacksonville, Fla., Roberts Bldg., 221 West Adams St.

(*Continued on Page 40*)

50% of the Hoover Commission's suggestions have been enacted into law. Now there's just

Half way to go!

A BULLETIN by the Citizens Committee on the Hoover Report announces that legislation covering the remaining 50% of the recommendations of this important document will be introduced early in the first session of the 82nd Congress. The Committee reports that 50% of the Hoover Commission's recommendations have now been enacted in twenty public laws and twenty-six reorganization plans.

The table below shows the degree of progress on the major recommendations of the Hoover Report.

25 items to be presented

Some twenty-five issues of varying importance will be covered in the legislation to be presented to the 82nd Congress. These bills will emphasize the following items:

Men - - - -

Personnel Management. We cannot conduct an atomic-age mobilization program with horse-and-buggy Civil Service procedures. Creaky and cumbersome laws and regulations impede the recruitment of vitally needed, specially skilled key workers. Red tape and delay still hamper administrators, supervisors, and workers alike in their efforts to *do* a job, rather than *hold* one. Some progress has been made. But Civil Service must be yanked out of the gaslight era by law. One major bill was stopped last session by a combination of "empire builders" bent on "bureaucracy as usual".

- - - - and medicine - - - -

Federal Medical Activities. Five large, and many smaller federal hospital systems compete among themselves and with private hospitals for scarce physicians, nurses and technicians. Worse, they fail to make full use of medical manpower when they get it. They build hospitals in out-of-the-way places for political reasons. Construction programs are completely unco-ordinated. In some cases new hospitals have risen almost adjacent to half-empty, half-staffed hospitals.

Report No.	Title	Percentage of Recommendations Accomplished, 1949-50
1	General Management of the Executive Branch	80 per cent
2	Personnel Management	35 "
3	Office of General Services	95 "
4	The Post Office Department	30 "
5	Foreign Affairs	80 "
6	The Department of Agriculture	0 "
7	The Budgeting and Accounting System	85 "
8	The National Security Organization	95 "
9	Veterans' Affairs	5 "
10	Department of Commerce	70 "
11	The Treasury Department	20 "
12	Regulatory Agencies	66 "
13	The Department of Labor	80 "
14	The Department of the Interior	20 "
15	Social Security, Education and Indian Affairs	5 "
16	Medical Activities	10 "
17	Federal Business Enterprises	25 "
18	Overseas Administration, Federal-State Relations, and Federal Research	50 "

- - - - and mail

The Post Office. Sagging badly at a time when its services are more vital than ever, the Post Office still limps along under an archaic organizational structure. Its 400,000 hard-working employees still struggle with creaky equipment and methods. The political appointment of 22,000 Postmasters still undermines morale. "Hidden subsidies" are still paid to airlines. Here again some progress has been made. But "politics as usual" joins with "bureaucracy as usual" in opposing fundamental reforms which would cut the Postal deficit in two.

Insurance - - - -

Veterans Affairs. One unit of the Veterans Administration was found to have 24 supervisors for 25 employees. VA takes four times as long to pay a death claim to a veteran's widow as do private companies and uses five times as much manpower per policy. On one occasion VA expanded a nine-page law into 558 pages of inscrutable regulations and interpretations. VA loses mail, mislays thousands of insurance policies, and pyramids patronage into thousands of useless jobs.

- - - - and interplay - - - -

Interior Department (Natural Resources). The madcap competition for federal public works funds between the Army Corps of Engineers and the Bureau of Reclamation of the Department of the Interior has gone beyond all bounds. In their zeal to capture more money for more projects, whether needed or not, these two huge agencies have dreamed up $52 billions worth of plans—twice the cost of the First World War.

- - - - and interdigitation

Agricultural Department. Swarms of agents, doing useful but duplicatory work, are found in every farm county in the land. They reflect the ill-organized multiplicity of overlapping agencies which compose the Department of Agriculture — a "loose confederation," the Commission called them. Despite the objections of "bureaucracy as usual," this gigantic agency must be tightened up and streamlined in order to meet the emergencies of the years ahead.

Check with Your Lawyer Before Going to Court in Other States

CORPORATIONS which contemplate court action in a "foreign" state may discover that they are barred from doing so in both federal and state courts. The following memorandum from W. Randolph Montgomery, of counsel to the National Association of Credit Men, is presented here so that credit executives may take adequate precautions to ensure that their actions are not thrown out on the grounds that they are unqualified to bring such actions.

A DECISION of great importance to corporations engaged in interstate commerce was handed down on June 20, 1949, by the United States Supreme Court. The Court, overruling earlier decisions, now denies to a corporation not licensed to do business in a foreign state the right to maintain an action in the federal court within the foreign jurisdiction.

Before these cases were decided, the Supreme Court has held that a corporation which could not sue in a state court because of failure to comply with a statute requiring it to obtain a license to transact business in the jurisdiction, could nevertheless maintain an action in the federal court sitting in that state provided diversity of citizenship existed as between the parties to the litigation. *David Lupton's Sons Co. v. Automobile Club,* 225 U.S. 489.

Mississippi case

In *Woods v. Interstate Realty Co.* (93 L.Ed. p. 1245), the Supreme Court had under consideration a case arising under the laws of Mississippi. The state statute, in common with the laws of many other jurisdictions, provided that a foreign corporation which had failed to obtain a license to do business in the State of Mississippi, could not maintain an action in the state courts on a contract made in that State. A foreign corporation, thus barred from the Mississippi courts, instituted an action in the United States District Court for Mississippi on grounds of diversity of citizenship, relying for its right to do so on the *Lupton* case.

The United States District Court held that the contract sued on was void under Mississippi law since the respondent was doing business in Mississippi without qualifying in accordance with the state statute. On appeal, the United States Court of Appeals reversed, holding that under the Mississippi statute the contract was not void but only unenforceable in the Mississippi courts, and held that the fact that the respondent could not sue in the Mississippi courts did not close the doors of the federal court sitting in that State.

The United States Supreme Court reversed the Court of Appeals on the authority of *Angel v. Bullington,* 330 U. S. 183, holding that where

"one is barred from recovery in the State court, he should likewise be barred in the Federal court. The contrary result would create discriminations among citizens of the State in favor of those authorized to invoke the diversity jurisdiction of the Federal courts."

5 to 4 decision

The *Woods* case was decided by a 5 to 4 majority of the Supreme Court with an emphatic dissenting opinion by Mr. Justice Jackson in which Justices Rutledge and Burton joined.

In his dissent, Mr. Justice Jackson pointed out that the Mississippi statute follows a pattern general among the states in requiring qualification and payment of fees by foreign corporations, and said that the state courts have generally held that such statutes do no more than withhold state help from the non-complying corporations but leave their rights otherwise unimpaired. Such interpretation, he said, left such corporations a basis on which to get the help of any other court—Federal or State—that could otherwise take jursdiction, and free to resort to pledged property, offset and various other methods of self-help. And he concluded:

"The State statute, as now interpreted by this Court, is a harsh, capricious and vindictive measure. It either refuses to entertain a cause of action, not impaired by State law, or it holds it invalid with unknown effects on amounts already collected. In either case the amount of this punishment bears no relation to the amount of wrong done the State in failure to qualify and pay its taxes. The penalty thus suffered does not go to the State, which sustains the injury, but results in unjust enrichment of the debtor, who has suffered no injury from the creditors' default in qualification."

As a result of the majority decision in the *Woods* case, all corporations transacting business in foreign jurisdictions should consult with counsel to be sure that they are properly qualified in all states where such qualification is required.

Federal Reserve Reduces Period of Credit Deferment

EFFECTIVE January 12, the Federal Reserve Banks reduced from three to two business days the maximum period of deferment on credit for all checks and other cash items deposited with them for collection.

The Federal Reserve Bank of New York therefore sent to all member and non-member clearing banks in the Second Federal Reserve District a revised time schedule covering deferment of credit on checks deposited for collection, Allan Sproul, President, announced recently. Checks on which Federal Reserve Banks have been giving immediate credit or one-day deferred credit will be handled without change.

Member and non-member clearing banks were also informed that, effective January 12, some telegraphic costs connected with use of the Federal Reserve leased wires will now be absorbed by the Federal Reserve Banks.

The reduction in the maximum period for deferment of credit from three days to two and the absorption of telegraphic costs will, it is felt, materially increase the usefulness of the Federal Reserve check collection system to member and non-member clearing banks and, through them, to business and the general public. In 1950, it is estimated, this collection system handled well over two billion separate checks amounting in value to almost one trillion dollars.

The shift to two-day maximum deferment of credit will reduce sorting and accounting problems, simplify clerical routines, and correct an existing inequality in the time schedules which now gives competitive advantages to collecting banks in some cities.

The reduction in time of deferment may enlarge the average volume of Federal Reserve credit outstanding by as much as $250 million, through increasing Federal Reserve "float" (credit given by Federal Reserve banks for those checks not actually collected within the time schedule). A possible conflict between this result, which stems from an effort to improve service, and the Federal Reserve System's program of restraining a further expansion of credit will be minimized, however, since a sharp seasonal decline in float normally occurs in January. Also, the recently announced increases in reserve requirements, which will absorb almost $2 billion of bank funds, will take effect before and shortly after any increase in float resulting from the shortened period of deferment.

FTC Again Hits Use of Dummy Corporate Names

The Federal Trade Commission has cracked down once more on a company using deceptive practices to obtain information about delinquent debtors. This time it was a collection agency in Portland, Ore., and its officers.

The trial examiner said that the defendants had used dummy corporate names to disguise the true nature of its business and had otherwise obtained information by subterfuge.

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The Human Side

ALEXANDRIA, VA. — Someone broke into the New Majestic Cafe, fried himself a steak, left $100 in the cash register untouched. Just plain hungry!

SAN DIEGO, CALIF.—When the county jail officials were unable to open the jail door, they called on an inmate who did the job in four minutes. "Every man to his trade."

Research Foundation Survey Shows Mixed Feelings on 1951 Prospects

CREDIT executives are not looking forward to an easy year in 1951, according to a survey just completed by the Credit Research Foundation, Inc., affiliate of the National Association of Credit Men. The survey, which covered thirty industries, showed that the men responsible for extending a sizable portion of the nation's credit claimed many grounds for pessimism.

Some reasons for uneasiness advanced in the survey were the possible recurrence of gray markets, overloaded inventories, overtrading, deteriorating collections and the inevitable personnel problems that accompany any national emergency.

Many concerns have been stockpiling materials and products to hedge against shortages and price advances, and because of transportation delays and increased sales activity, the Foundation reports. As a result the cash position of these companies is somewhat strained and collections are naturally slower. A continued high sales volume should correct this position, members of the Foundation report, but for the next few months the problem may be acute.

Other reasons for slow payment put forward by Credit Research Foundation members are high receivables, the effects of credit controls, the fear of undercapitalized companies handling defense orders —for which payment may be slow due to technicalities and incomplete compliance with government regulations—and, of course, the general inflation.

69.5% of the Foundation members replying to the survey feel that no serious change in paying habits should be expected because of increased taxation. The other 30.5%, however, claim that the increased taxes will affect their collections considerably. In the latter group the most definite are members in the food, hardware and apparel industries.

The collection outlook, according to the survey, is more difficult. 30.4% expect no change, 19.2% expect things to be easier, but a large 50.4% think collections will be more difficult. On the other hand, the Foundation members reporting, in the majority, expect that the ratio of failures and bad debts will not increase. Specifically, as far as failures are concerned, 53.3% expect no change, 31.4% expect more, and 15.3% expect less. And as for bad debts 38.1% expect more, 14.3% expect less and the other 47.6% expect no change or do not feel ready to commit themselves one way or another.

Though few members reporting expect any major personnel problems during the next few months most—53.3%—felt that some dislocation is to be expected. They anticipate their losses to the services as follows: heavy losses 7.6%, some losses 45.7%, no losses at all 46.7%.

Mercantile and Retail Credit Today

(*Continued from page 16*)

tober national income total reached $25,781,000,000.00 and the total for the entire year of 1950 will be some 280 billion. Compare this with the 1933 annual total of only $39.5 billion and you will see "What Makes Sammy Run"!

Government extravagance is another powerful influence on the value of a managed monetary unit. To be specific, *non-military* spending of $23.3 billion is planned for fiscal 1951 compared with $17.6 billion in fiscal 1948. Or even more specific, $2 billion of Federal public works are projected compared with only $186 *million* in 1945.

Russia can't lick us but we can bleed to death from the wastes of socialized housing, socialized farming, class favoritism, subsidies, governmental extravagance and political "pork", while we are trying to support, defend and re-arm half of the world, including ourselves! Easy giving, easy lending and easy

Purchasing Power of One Hour's Work

Food	**1914**	**6 hours each week to feed each member of his family.**
	1948	**3¾ hours, with food consumption up 20 percent, and because of freezing, etc., better food!**
Clothing	**1914**	**140 hours for a suit, overcoat, hat, shirt and socks.**
	1948	**54 hours for the same.**
Fuel and Light	**1914**	**188 hours each year for average family.**
	1948	**97 hours for twice as much (more specifically, an hour's work brought *four* times as much fuel oil as in 1914).**
Automobile	**1914**	**2763 hours**
	1948	**954 hours for a better, bigger car with more accessories.**
Tire	**1914**	**96 hours and lasted 3500 miles (with more frequent repairs).**
	1948	**11 hours and lasted nearer 30,000 miles.**
Gasoline	**1914**	**42 minutes for one gallon.**
	1948	**12 minutes for one gallon that was more than 50 percent better, measured by increases in useful power of engine, miles per gallon under conditions of constant performance, acceleration, etc.**

spending summarize our national problem. Because of this, I submit it is unconscionable to expect all the cutting back to be done by the taxpayers!

Current inflation pressures

Although loans by commercial banks have expanded more than $6 billion since the Korean involvement, we must look deeper to find the immediate causes of the sharp price increases and other manifestations of inflation.

At the outset it must be recognized that one of the big influences on basic raw material prices has been, and is, the government stockpiling.

Also, the fifth round of wage increases, heavy capital expenditures for plant and equipment and inventory increases by industry, including some hoarding of scarce raw materials, are other inflationary pressures which affect prices.

Then, too, the farm product price support program got in a lick or two on the upside!

Of course, the most important cause of the accelerated rise in prices since Korea day has been the scare buying by consumers and some business enterprises.

And, while I hate to mention it, profiteering also contributed to the sharp upswing in prices!

In view of all the talk it is hard to believe, but rearmament has not been much of a factor in the inflationary trend—the program has not yet begun to roll. As a matter of fact, total Federal spending in 1950, despite the war, has been below 1949 so, quantitatively at least, the government can't be blamed!

If the quantity of credit didn't cause it, then what did cause prices to rise as sharply as they did in recent months? The answer must be that men and women in action did it. People reached for their checkbooks and the "heat was on"! It takes more than an increase in credit to boost prices; the credit must be used!

Will price controls stop inflation?

From what I have said, it must be clear by now that to control inflation, you must control people. It is not a question of controlling credit or managing money; it is the much larger problem of controlling people, and in a democracy with pressure groups, vested interests and opportunists on every corner, that may prove an insuperable task.

However, before we get too discouraged by what may lie ahead, let us try to get perspective by exploding some of the fallacies about present day prices. The next time some croaker "sounds off" on the "good old days" and how he could buy a seven course dinner for 35 cents when he went to work for $10.00 a week, forty years ago, don't let him get away with it! After all the true measure of a price economy is the standard of living and no nation has ever even approached the one we have enjoyed in recent years.

If he still shows fight after you hit him with the standard of living, give him the specific quantitative comparisons in the box, calculated by the National Industrial Conference Board. By using the purchasing power of one hour of work they found that the 1914 wage earner spent many more hours as compared with a 1948 wage earner, for those purposes.

So, even if prices do go up a great deal more, although we shall not like it, we will not be ruined, by historical standards, at least.

Credit—secret weapon or fifth column?

In closing, may I say briefly that credit controls must be supplemented and implemented by a wide variety of physical controls if even a half-way effort is to be made to control further price inflation. This means a controlled materials plan for manufacturers such as we had in World War II. It means allocations, priorities and a wide range of enforcement measures such as permits to operate, licensing, product identification, shipping authorization, set-aside orders, etc. It also means a rigid control of wages and it is highly doubtful that this can be done. In all these matters, remember, we live in a democracy and the politicians always "play by ear" regardless of the rule book!

And finally, the proper use of credit is terribly important, especially during the long rearmament drain of resources and energy which now faces us. Credit can be our secret weapon or the enemy's fifth column, depending on how well bankers and credit men do their job. Knowing them as I do, I am sure they will do more than their share as they always have in past emergencies.

All God's Chillun Got Know-How

BY

DUOCEPHALUS

WE TURN today to another mail-borne beef, this one from a Chicago gentleman who, from the tone of his letter, would like to be writing this piece but prefers to keep his job. I can do both, thank goodness, at least as long as only a few thousand people know who is responsible for this deathless prose. Here's what he says:

"I hope you will keep up your pot shots at pompous people as most of us will experience the same feeling of satisfaction that junior gets in watching Hopalong Cassidy shooting "bad men." We cannot throw darts at those in our vicinity as that is no way to 'make friends and influence people' so the next best thing is to enjoy the sport secondhand.

"May I submit the words 'evaluate' and 'evaluation' which are getting my goat. Sample of writing attached which followed your article last month.

"How about 'know-how'?"

The article he mentioned had "evaluate" and "evaluation" plastered all over it and a sorry mess it made. Not that there is anything particularly wrong with either word. However, though a good dry martini relaxes the nerves a dozen might be fatal.

Authors are proud

THE hardest thing for a writer to do is to proofread his own material. There are some authors who refuse to alter a single word of even a first draft, since, presumably, anything they write is automatically perfect. And should an editor have the nerve to alter or remove a word which is palpably incorrect, or even correct a misspelled word, they set up a terrific howl. You have murdered their ewe lamb. They haven't the measure of self-criticism necessary to make sure that their work is worth reading, and they resent the implication that any criticism is even necessary.

There are of course many more who haven't the capacity for self-criticism, or the necessary command of the English language, or the willingness and patience to give their work the thorough scrutiny it needs but are perfectly happy if someone else can and does. It is this capacity, or this knowledge, or this industry which distinguishes bad writing from good, and good writing from great.

Red Smith, the New York *Herald-Tribune's* wonderful sports columnist, the other day wrote of a ground crew at Yankee Stadium "currycombing the joint." There never has been a more felicitous choice of a word. But, having discovered the excellent effect he could get out of a word, he would have killed his whole effect stone dead if he had used it even once more. It is a jewel of great price. It is unique, a once-for-all miracle. Any other reasonable facsimile would be just that.

And that is what our Chicago friend is annoyed about. Evaluate by all means. It's an indoor sport which is highly regarded in all circles. But do something else too.

How cliches are born

NOW to the subject of "know-how." It's really the same subject. Some genius pulls a striking word or phrase out of the clear, pure air and it immediately strikes his hearers as the only expression that would really say what the speaker meant. For instance, Churchill will be remembered for all time as the coiner of "blood, sweat and tears." Some unsung hero thought up the word "bottleneck." And some industrialist, presumably, hit on the term "know-how" as the most succinct term to express what it obviously means.

However, our friend may have noticed that an inordinate number of men make speeches and write articles for magazines, in short inflict themselves on their fellows in varying ways. Most of them haven't the originality to blow their own noses. So, in searching for the *mot juste,* they pick on the great men and use, or misuse, their most quoted expressions till the things are run into the ground. "Bottleneck" was a cliché within six months of the start of the last war effort. "Know-how" is the latest victim. 'Twill happen ever, so long as unimaginative men are called on to be literary. Might be fun to run a "my-favorite-ten-clichés" competition one of these days.

Federal Court Rules Against Referee on Chapter XI Costs

A DECISION rendered by Judge Sidney Sugarman in the United State District Court, Southern New York District, may have a far-reaching effect on Chapter XI Arrangements under the Bankruptcy law. Judge Sugarman reversed the ruling by Referee Robert P. Stephenson in a case in which a creditors' committee had made an agreement with an outside interest to pay the fees and disbursements of the committee and its attorney. The creditors' committee wished to waive the usual petition for allowances but the referee insited that it file such a petition.

In making the order requiring the committee to file a petition for allowances, Judge Sugarman ruled that the referee had erroneously concluded that the provisions in the bankruptcy act circumscribing fees and allowances under Chapter X are also applicable to proceedings under Chapter XI.

"I find nothing in the agreement here under inspection that transgresses anything contained in Chapter XI," observed Judge Sugarman.

"Whether this decision, based as it is upon unique facts, is the harbinger of future nefarious practices in Chapter XI arrangements cannot be foretold," continued Judge Sugarman. "If so, Congressional correction will undoubtedly ensue."

The New York Credit Men's Adjustment Bureau, Inc., was secretary to the creditor's committee. Edwin M. Slote represented the debtor.

ASSOCIATION NEWS

Industry Group Meeting Committee Members for Convention Announced

by Raymond P. Coyle
Hub Distributors, Inc.
Boston, Massachusetts
Industry Meetings Chairman

WITH the many perplexing problems which lie ahead for business and industry, the Industry Meetings scheduled in connection with the 55th Annual Credit Congress of the National Association of Credit Men in Boston, May 13-17, promise to be of vital importance to every credit executive in the country.

One full day—Tuesday, May 15—has been set aside for these all-important industry meeting discussions. Thirty-one separate and distinct Industry Meetings have already been scheduled.

At these industry sessions, the credit executive will receive the benefit of the many ideas and the good counsel of his fellow workers. There he will have the opportunity and pleasure of meeting personally his industry associates from all sections of the country. He will hear his particular industry credit problems discussed in a friendly and informative round table fashion. No other meeting scheduled throughout the year affords him this wonderful opportunity of getting his fellow workers' ideas and at the same time getting to know them personally.

Some programs are complete

The chairmen and committees of the various industry meetings are now at work on their programs. A few of these programs are already complete, while many others are in the preliminay stage. In looking over the work done on these programs to date, we notice that many outstanding industry speakers and discussion leaders have already agreed to take part in these programs. Credit executives with many years of successful work behind them will discuss subjects on which they can speak with authority. We have been assured that no question or questions in need of discussion will be overlooked.

Industry meeting committees are anxious to prepare programs which will be of most interest to those in attendance. They invite your suggestions. Pass along to the chairman or committee member representing your industry any ideas or thoughts you may have in connection with the program for your industry.

Most important—plan to attend the N.A.C.M. Credit Congress and the industry meetings. You can't afford to miss either of these.

Following is a complete list of industry meetings scheduled to date, together with the committee personnel for each meeting:

(*Please turn to page 36*)

MEMBERSHIP PROGRESS REPORT

MAY 1, 1950 to JANUARY 31, 1951

	Net Gain	Members 1-31-51	Percent.
CLASS AA			
Louisville	39	1121	103.60%
San Francisco	29	1281	102.31
New York	49	3325	101.50
CLASS A			
Rochester	27	648	104.34%
Seattle	23	654	103.64
Boston	19	673	102.90
CLASS B			
Houston	21	284	107.98%
San Diego	24	477	105.29
Denver	18	370	105.11
CLASS C			
Buffalo	22	205	112.02%
Syracuse	18	248	107.82
Des Moines	15	255	106.25
CLASS D			
San Antonio	9	154	106.20%
Oklahoma City	5	132	103.93
Green Bay	5	135	103.85
CLASS E			
Charlotte	29	95	143.94%
Miami	29	100	140.85
Terre Haute	16	77	126.22
CLASS F			
Billings	8	65	114.03%
Waterloo	5	51	110.86
Mansfield	6	65	110.16
CLASS G			
Topeka	25	40	266.66%
Lubbock	12	34	154.54
Springfield, Mo.	8	37	127.58

Convention Plans Progressing to Final Stages

Three months from now the 55th annual Credit Congress will be over! With that startling and sobering thought in mind let us consider how plans for the coming Congress, which will be held in Boston, Mass., May 13-17, are progressing.

Arrangements have now passed from the preliminary to the concrete stage. Secretary-Managers who cooperated in the "Estimated Attendance Survey" conducted during January have now received registration kits. Official room application blanks, combined registration cards and lapel inserts and industry meeting attendance blanks are now available and may be obtained from secretary-managers.

The housing committee of the Boston Credit Men's Association, hosts to the 1951 Credit Congress, officially opens for business February 19. This committee has full charge of the assignment of room applications to the various hotels. Members of the NACM staff take no part in room assignment.

Let George do it!

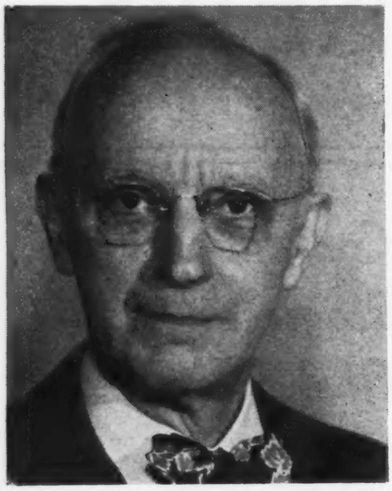
One major headache which all housing committees encounter, and which stems from a very minor cause, is the method of filling out and returning room applications. The secretary-managers have complete registration instructions and all applications should be typed in the Association office by the Association staff. Applications so handled pass through the housing committee process very quickly.

Some applications, however, are not handled in this manner. As a result, some forms reach the housing committee incorrectly filled out. Some are written in longhand and in some cases are illegible. This means unnecessary correspondence and delay. The secretary-manager is the man to take care of registrations. Registrations sent through him will be correctly processed and promptly handled in Boston.

This year's registration fee has been set by the National Board of Directors at $20.00 for man, woman or child.

(*Please turn to page 34*)

Bert Fisher Retires as St. Louis Secretary; Jack Schofield Succeeds



A. E. Fisher

Jack Schofield

St. Louis: A. E. Fisher, "Bert" to his friends (and they are legion), retired January 31 as secretary-manager of the St. Louis Association of Credit Men after 20 years of service. He is succeeded by John F. (Jack) Schofield who has been his assistant for the past four years.

To honor the retiring secretary-manager the February meeting of the St. Louis Association was designated "Bert Fisher's Night" at which members gathered to wish Bert Fisher well and to welcome Jack Schofield in his new assignment.

Schofield was born in St. Louis, Missouri, on November 10, 1907. He was educated in the public schools of St. Louis, graduating from Cleveland High School in June of 1925 as treasurer of his class. He then attended Washington University of St. Louis, and the University of Iowa at Iowa City, Iowa. Graduated from Iowa University in June of 1929, he was an officer of his chapter of the Kappa Sigma Fraternity, sang in the University Glee Club, and wrote for student publications.

He started his business career as a salesman for Liggett & Myers Tobacco Company in June of 1929 and worked in various capacities for the Sales Department of this firm until 1945. He was considered one of the outstanding sales department men operating under the Liggett & Myers St. Louis Office, which included some twenty states. In 1945, at the request of his company, he entered the St. Louis office to handle credits. He resigned from his position with Liggett & Myers on April 15, 1947, and on May 1, 1947, accepted Membership & Sales direction for the St. Louis Association of Credit Men.

During the first three years under his guidance, Association membership increased 33 per cent. He personally handled the organization of the Cape, Central Missouri and Hannibal Associations, and also arranged the affiliation of the Quincy Association with St. Louis. He organized a number of new Industry Groups for the Credit Group Department of the Association. He was elected secretary of the Quincy Association in November, 1949, assistant manager of the St. Louis Association on January 1, 1950, and its secretary-treasurer-manager on January 31, 1951.

New Orleans Credit Men Elect T. A. Shaw As New President

New Orleans: At the annual meeting of the New Orleans Credit Men's Association, held January 9, T. A. Shaw, treasurer, Modern Appliance and Supply Company, was elected president of the Association. At the same time P. S. Kernion, secretary, Meyer Bros. Drug Co., was elected vice-president. Fred L. Lozes was re-elected secretary. J. J. Culver, assistant secretary-treasurer, Blue Plate Foods, Inc., retiring president, was elected councillor.

All were installed at the Association's annual Installation Dinner at Lenfant's on Thursday, January 25, at which Henry H. Heimann, executive manager, NACM, was the featured speaker.

Hartford Chamber of Commerce Executive Addresses Meeting

Hartford: An "economic description of Central Connecticut" was given at the January 17 meeting of the Hartford Association of Credit Men at the City Club. The speaker was William A. Dower, executive vice-president of the Hartford Chamber of Commerce.

Cleveland Repeats Popular Feature of Annual Forum Series

Cleveland: Repeating a popular feature of the 1950 season, the Cleveland Association of Credit Men held a forum January 19 at the main office of the Central National Bank. A panel of a dozen veteran credit managers gave a brief prediction of their views on the business outlook for 1951. Supper was served in the bank's dining room following the forum.

The panel included Owen Carlton, Central National Bank; W. P. Chamberlain, Cleveland Cliffs Iron Co.; Fred Ensign, Cleveland Twist Drill Co.; A. E. Fletcher, Standard Oil Co.; E. Foley, Republic Tool Co.; E. B. Gausby, Warner & Swasey Co.; John Knox, Swift & Co.; Walter Lawson, Medusa Portland Cement Co.; Harry Reynolds, Thew Shovel Co.; A. P. Gram, Eaton Manufacturing Co.; A. D. Mader, Cleveland Paper Co.; J. J. Have, Kinsner Supply Co., and secretary K. S. Thomson.

Raymond Rodgers Is Featured Speaker at Rochester Meeting

Rochester: Raymond Rodgers, professor of Banking at the Graduate School of Business Administration, New York University, addressed the Rochester Association of Credit Men, January 10, on "Some Facts of Life About Bank Credit and How They Affect Mercantile and Retail Credit Today." The essential text of Dr. Rodgers' talk is reproduced elsewhere in this issue.

A special committee of banker members of the Association were in charge of the meeting which was designated "Bankers' Night."

Dr. Rodgers is a member of the faculty of the Graduate School of Credit and Financial Management.

Convention Plans

(*Continued from page 33*)

for the whole four days or just for four minutes. This registration fee must accompany all room applications. Applications arriving without the fee have to be returned as the housing committee cannot rely on attendance unless the fee is paid. If, however, circumstances make it impossible for members to attend who have already sent in their fees, they will be returned provided application for refund is made by April 28.

Included in the information sent to secretary-managers is a list of cooperating hotels with rates for various accommodations. These lists can be examined by members before making arrangements.

CREDIT CAREER

FORREST S. WALDEN has been elected president of the Strevell-Paterson Hardware Company in Salt Lake City. This is the culmination of 46 years (literally 46 years to the day this issue comes off the presses) with his company.

Forrest Walden joined the Strevell-Paterson Hardware Company on February 15, 1904, as office boy and gradually advanced to assistant bookkeeper, bookkeeper, cashier, assistant credit man, credit manager, secretary, vice-president and secretary, vice-president and treasurer and now president and general manager.

He became associated with the Inter-Mountain Association of Credit Men in 1915 and has held every unpaid office in that organization including the presidency, which office, incidentally, he held for four years, from 1921 to 1925. Two years later he was elected a National Director and he held that office, too, for an unusual length of time—five years. In 1934 he was elected National Vice-President.

For 20 years he has been treasurer of the Episcopal Church in Utah, a job which involves the handling of all church property and securities in the State. For 20 years also he has been vice-president and treasurer of the Strevell-Paterson Finance Corporation which is now the largest private finance company in Salt Lake City with a capital and surplus of over $1,200,000. This corporation is unique in that it is owned by the officers and employees of Strevell-Paterson Hardware Company, the company itself having no financial interest.

J. Kendrick Hill

Huntington, W. Va.: J. Kendrick Hill, secretary of the Kipling Shoe Co., and a past president of the Tri-State Association of Credit Men, died last month at the age of 61.

Ira L. Morningstar

Baltimore: Ira L. Morningstar, secretary of the Baltimore Association of Credit Men from 1920 to 1938, died Thursday, January 18.

Several Changes In Association Listings Noted

DURING the three short weeks between press-time for the December issue and the time of this writing several changes have occurred in the listing of Associations, their secretaries and their addresses. These changes are listed below.

Roanoke, Va. R. E. Gleason, secretary-manager of the Roanoke Association, has died at the untimely age of 46. He is succeeded by A. Fraser MacCammond, formerly manager of the Valley Roofing Corporation in Roanoke and previously assistant treasurer of the Ossining Trust Company, Ossining, N. Y.

Witchita, Kansas. The Wichita Association has moved from the Bitting Building to 112 South Emporia Street, Wichita 2.

Bellingham, Wash. Since ill health forced W. F. Fisher to give up the secretaryship of the Bellingham Association his duties had been carried on by President E. L. Parsells as acting secretary. It is now announced that Burton A. Kingsbury has been appointed secretary. A change of address is also announced. Mr. Kingsbury should be addressed at 503 Bellingham National Bank Building.

Charlotte, N. C. The new address of the Piedmont Association of Credit Men is 210 Wilder Building, 237 Tryon Street, Charlotte, 1.

Newark, N. J. The New Jersey Association of Credit Executives has moved to 321 High Street, Newark 5.

By the time this is read there will probably be more changes. Between July, 1950, and the end of December, 1950, there were 23 changes of either address or personnel. Any further changes will be reported in subsequent issues of this publication.

Jackson Loses Outstanding Member in Rhea Van Horn

Jackson, Mich.: Miss Rhea Van Horn, Foote & Jenks Co., Inc., died recently.

Miss Van Horn was very active in the Jackson Association of Credit Men and served as president for one year. She had been associated with her company for 44 years, 30 of them as credit manager and the last 20 also as secretary. She was 63 years old.

Samuel Sloan, Westminster Economist Speaks at Youngstown

Youngstown: Samuel H. Sloan, associate professor of Economics and Business Administration at Westminster College, Wilmington, Pa., was the guest speaker at the January 17 meeting of the Youngstown Association of Credit Men at the Youngstown Country Club. His subject was "Your Money Your Investments and Your Future."

Stephen J. Wirtz Elected to Bank Vice-Presidency

Stephen J. Wirtz

Omaha: Stephen J. Wirtz has been elected a vice-president of the Omaha National Bank. Mr. Wirtz, a past president of the Omaha Association of Credit Men, started with the bank as a messenger in 1916 and has served in almost every department of the bank. He served his apprenticeship in the Discount Department and is now a loan officer.

The announcement of Mr. Wirtz' election was made in an insert which was included in the bank's annual report.

H. G. Soucek Elected to Vice-Presidency of Firm

Los Angeles: At the firm's annual employees' Christmas party, **Herbert H. Horn**, president of Herbert H. Horn, Inc., Southern California distributors of Admiral Television, ABC Washers, and New Home Sewing Machines, announced the appointment of Henry G. Soucek as Vice President.

Mr. Soucek joined the Horn organization in December 1929 as its one-man credit and bookkeeping department when the big distributing concern was in its infancy. At that time the firm was located at 17th & Hill St. and boasted 15 employees, including 6 salesmen selling radios and automotive supplies.

Today Mr. Soucek heads the credit operations of Horn's $20,000,000 annual business volume, handled by a force of almost 200 employees.

Mr. Soucek was born and educated in southern Minnesota and during World War I served in the infantry. He came to California in 1919. He resides in southwest Los Angeles, is married, the father of one child, and the proud grandfather of a little girl.

Toledo Conducts Salary Survey

Toledo: The Toledo Association of Credit Men is conducting a survey to determine the approximate salaries paid by member companies for comparable positions in their organizations.

Promotion Man Is Guest Speaker at Philadelphia Luncheon

Philadelphia: Thomas J. Raser, promotion division, *Ladies' Home Journal,* who conducts a business section in the Journal's columns under the name "Roger Bell", addressed the January 25 luncheon meeting of the Credit Men's Association of Eastern Pennsylvania. His subject was "What do you know?" The guest of honor was Dean Harry A. Cochran, of the School of Business and Public Administration, and treasurer of Temple University. Also invited were the students in the courses sponsored by the Association at Temple.

Attorney Is Featured Speaker at Milwaukee

Milwaukee: Robert W. Hansen, Milwaukee attorney, addressed the members of the Milwaukee Association of Credit Men at the January 25 luncheon meeting at the City Club. The title of his talk was "Credit Men as Diplomats."

Mr. Hansen is editor of "Eagles" magazine and secretary and chief examiner of the Milwaukee Police and Fire Commission. He recently traveled in Europe and the Near East as a member of the Globe-Trotting Town Meeting of the Air.

Emmett Below, National Director, Named To New Post at Marathon Corp.

Neenah, Wisconsin: Emmett Below, National Director representing the Fifth District, has been named controller of the Marathon Corporation. Mr. Below joined the Marathon Corporation in 1934 and has been Credit Manager since 1942. In his new position Mr. Below will manage all of the company's accounting activities. Last December Mr. Below completed a graduate course at the Harvard University School of Business.

Philadelphia Member Is Elected Company Treasurer

Philadelphia: James M. Heppenstall has been elected treasurer of the Birdsboro Steel Foundry and Machine Company. Mr. Heppenstall is a member of the Credit Men's Association of Eastern Pennsylvania and a director of the Philadelphia Control, Controllers' Institute of America. He continues his duties as controller.

Financial Editor Is Heard At Boston NIC Meeting

Boston: The Boston chapter, National Institute of Credit, held its monthly meeting January 25 when George R. Ericson, financial editor of the *Christian Science Monitor,* spoke on the financial outlook for 1951.

News from the CREDIT WOMEN'S GROUPS

Cleveland: The Cleveland Credit Women's Club held their first dinner and business meeting of the New Year on Tuesday, January 9th, at 6:00 P.M. in the University Club. This was the annual "Know Your Association" Meeting, to which officers and members of the Board of Trustees of the Association were invited.

Guest speakers were: K. Calvin Sommers, Youngstown Sheet & Tube Company, Vice President of the National Association from this district; Walter N. Lawson, Medusa Portland Cement Company, president of the Cleveland Association of Credit Men, and Kenneth S. Thomson, executive secretary of The Cleveland Association of Credit Men.

Mr. Lawson spoke of the many benefits to be derived through membership and especially commended the work of the Adjustment Bureaus and Collection Departments throughout the system; Mr. Sommers gave the group an insight into the work of the National and how it ties in with the various Bureaus, also its close contact with Washington and the Legislature; and Secretary Ken Thomson explained the services and benefits of all departments of the Association, both local and National.

•

Binghamton, N. Y.: The Triple Cities Credit Women held a forum meeting at the Arlington Hotel, January 17. Four members of the group formed the panel. Each discussed her own particular work.

Marian R. McSherry, chairman of the Credit Women's National Executive Committee, will visit the group March 21, when the group will hold its past presidents' night.

•

Oakland: The Oakland Credit Women's Group held their January meeting in conjunction with the men. This marked the inauguration of the first credit conference sponsored by the Royal Order of Zebras. All bay area members of the Association had an excellent evening. After dinner our main speaker, Mr. A. J. Sutherland, President of the NACM, gave us his observations of business conditions as a result of his recent tour of Eastern and Middle Western States. The meeting was then opened to panel discussions on particular problems of the various industry groups within the Association. Each group had speakers who presented the problems of their particular industry. This was a very instructive evening devoted entirely to credit and business problems.

•

Omaha: The Credit Women's Group of Omaha met on Thursday, January 11, for their regular dinner meeting at the Fontenelle Hotel. John Henry, of the Better Business Bureau of Omaha, gave a splendid talk on the workings of the Bureau.

The group has voted to award two additional scholarships for this year.

•

Boston: Kathleen T. Ryan Dacey, attorney, was the speaker at the January 23 meeting of the Boston Credit Men's Association, which was sponsored by the Credit Women's Group. Her subject was the "Modern Approach to Mental Health."

Mrs. Dacey was one of the first women lawyers in the history of the Massachusetts Supreme Court to be selected to act as law clerk by the Justices. She is a trustee of the Boston State Hospital.

•

St Louis: The January meeting of the St. Louis Credit Women's Group was held on Thursday, January 25, at the Sheraton Hotel. This was the annual "Bosses' Night" meeting. The guest speaker was Arhur Gerecke, credit manager of the St. Louis *Post-Dispatch,* whose subject was "The Russians vs. the People."

Industry Group Committee Members

(Continued from page 33)

Advertising Media

Chairman:
John F. Clarke, Toronto Star, Toronto, Canada.
Vice Chairman:
A. W. Bleizner, The Press, Pittsburgh, Pa.

Committee:
Mrs. Hermine Fischer, Christian Science Publishing Co., Boston, Mass.; Harley Lanman, Phoenix Republic & Gazette, Phoenix, Ariz., and Marie Louise LaNoue, Times-Picayune Publishing Co., New Orleans, La.

Secretary:
R. B. Gratzer, Courier-Journal & Times, Louisville, Ky.

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Chairman:
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Vice Chairman:
Kathryn M. Sirc, Edgar A. Brown Co., Cleveland, Ohio.

Committee:
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Camden, N. J.; D. A. Macleod, Firestone Tire & Rubber Co., Boston, Mass., and T. M. Sherman, Toledo Steel Products, Toledo, Ohio.

Bankers

Chairman:
Walter L. Driscoll, The First National Bank of Boston, Boston, Mass.

Committee:
Hildreth Auer, Malden Trust Company, Malden, Mass.; John B. Gray, The First National Bank of Boston, Boston, Mass.; Shirley Harrington, Industrial Trust Company, Providence, R. I.; Alfred M. Keeler, Harvard Trust Company, Cambridge, Mass.; Earle O. Latham, Federal Reserve Bank, Boston, Mass.; Daniel C. McMahan, State Street Trust Company, Boston, Mass.; Ernest E. Nelson, Brown Brothers, Harriman & Company, Boston, Mass., and D. Thomas Trigg, National Shawmut Bank, Boston, Mass.

Brewers, Distillers & Wholesale Liquor

Chairman:
Solomon Fuchs, Park & Tilford Import Corp., New York, N. Y.

Vice Chairman:
Darwin J. Bone, United Liquors, Ltd., Boston, Mass.

Committee:
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Building Material & Construction

Chairman:
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Vice Chairmen:
Marjorie Jennings, Atlanta Oak Flooring Co., Atlanta, Ga.; G. F. Klawitter, Gladding McBean & Co., Los Angeles, Calif.; D. P. McArtor, Universal Concrete Pipe Co., Columbus, Ohio; Kenneth H. Matheson, Tri State Lumber Co., Salt Lake City, Utah; Robert S. Thompson, Houston-Starr Co., Pittsburgh, Pa., and F. W. Zander, U. S. Plywood Corp., New York, N. Y.

Cement

Secretary:
Elliot Balestier, Jr., National Association of Credit Men, New York, N. Y.

Chemical & Dye

Chairman:
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Vice Chairman:
J. C. Lynch, Pacific Coast Borax Co., New York, N. Y.

Committee:
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Going to Boston next May?

(*See page 33*)

Confectionery Manufacturers

Chairman:
Mae A. Turner, Confections, Inc., Chicago, Ill.

Committee:
Loretta M. Fischer, Geo. Ziegler Co., Milwaukee, Wisc.; Robert Getty, Rockwood & Co., Brooklyn, N. Y., and L. Veghte, Beechnut Packing Co., Canajoharie, N. Y.

Drugs, Cosmetics & Pharmaceuticals

Chairman:
Charles E. Reid, Gilman Brothers, Inc., Boston, Mass.

Committee:
Richard J. Collins, McKesson & Robbins, Inc., Boston, Mass.; W. A. Linfield, Pepsodent Division, Lever Brothers, New York, N. Y., and Nelson P. Rabone, Hoffman-LaRoche, Inc., Nutley, N. J.

Electrical & Radio Manufacturers

Chairman:
R. A. Mattson, Belden Manufacturing Co., Chicago, Ill.

Vice Chairman:
Roderic M. Wilder, Pass & Seymour, Inc., Syracuse, N. Y.

Committee:
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Chairman:
Charles A. Collins, The Eastern Co., Cambridge, Mass.

Vice Chairman:
John S. Ballentine, Westinghouse Electric Supply Corp., Detroit, Mich.

Committee:
H. A. Meixner, General Electric Supply Co., New York, N. Y.; T. F. O'Malley, Graybar Electric Co., Richmond, Va., and Roy Worth, The Electric Corp., Los Angeles, Calif.

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Chairman:
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Vice Chairman:
A. G. Mader, Cleveland Paper Co., Cleveland, Ohio.

Committee:
W. M. Dillon, Dwight Bros. Paper Co., Chicago, Ill.; Louis Smith, Whitaker Paper Co., Baltimore, Md., and Milton J. Wied, Newhouse Paper Co., Minneapolis, Minn.

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Chairman:
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Vice Chairman:
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Vice Chairmen:
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Committee:
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Food Products & Confectionery Wholesalers

Chairman:
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Vice Chairman:
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Committee:
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Chairman:
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Vice Chairmen:
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Vice Chairman:
M. W. Deissroth, Coleman Co., Wichita, Kans.

Committee:
H. E. Anderson, L. S. Starrett Co., Athol, Mass.; G. M. Layne, Mid State Steel & Wire Co., Crawfordsville, Ind., and R. B. Payne, National Screw & Manufacturing Co., Cleveland, Ohio.

Hardware Wholesalers

Chairman:
James J. Jones, Decatur & Hopkins Co., Inc., Boston, Mass.

Vice Chairman:
R. L. Hendricks, Edward K. Tryon Co., Philadelphia, Pa.

Committee:
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Insurance

Committee to be selected. For further information, contact Insurance Industry Meeting Secretary E. B. Moran, National Association of Credit Men, 33 S. Clark St., Chicago 3, Illinois.

Iron & Steel

Chairman:
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Vice Chairman:
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Vice Chairmen:
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Vice Chairman:
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Committee:
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Vice Chairmen:
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Committee:
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Chairman:
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Vice Chairman:
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Committee:
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Program Committee
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Committee: James A. Mawn, Gulf Oil Corp., Boston, Mass.; R. R. Jarvis, Socony-Vacuum Oil Co., Inc., Boston, Mass., and R. B. Maloney, American Oil Co., Boston, Mass.

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Chairman:
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Vice Chairmen:
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Chairman:
E. H. Davies, The Cleveland Electric Illuminating Co., Cleveland, Ohio.

District Representatives:
Eastern District: M. E. Edell, Consolidated Edison Co. of N. Y., Inc., New York, N. Y.
Central District: Ray E. Bachus, Cincinnati Gas & Electric Co., Cincinnati, Ohio.
Southwest District: L. A. Blomgren, Southern California Gas Co., Los Angeles, Calif.
Northwest District: R. Wm. Peterson, Puget Sound Power & Light Co., Seattle, Wash.
Southern District: Milton F. Williams, New Orleans Public Service Co., Inc., New Orleans, La.

Planning Committee:
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Vice Chairmen: E. C. Paxton, Dallas Power & Light Co., Dallas, Texas; T. J. Peterson, The Detroit Edison Co., Detroit, Mich., and Richard Bread, Atlantic City Electric Co., Atlantic City, N. J.

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Chairman:
Paul E. Hunter, Pacific Mills, New York, N. Y.

Vice Chairmen:
L. B. DeVries, McCampbell & Co., New York, N. Y.; G. Earle Killeen, First National Bank of Boston, New York, N. Y.; J. C. Osborne, Trust Company of Georgia, Atlanta, Ga.; Wm. G. F. Price, Bank of Manhattan Co., New York, N. Y.; Charles Rhodes, Meinhard, Greeff & Co., Inc., New York, N. Y.; William Schneider, Philadelphia National Bank, Philadelphia, Pa., and Sidney A. Stein, Congress Factors Corp., New York, N. Y.

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Chairman:
Everett D. Roper, The William Carter Co., Needham Heights, Mass.

Vice Chairmen:
Forace L. Booker, Walker Stetson Co., Boston, Mass.; C. J. Daniels, Publix Shirt Corp., New York, N. Y.; Ralph M. Sholl, David D. Doniger & Co., New York, N. Y., and W. W. Thomas, Campus Sweater & Sportswear Co., Cleveland, Ohio.

THE ZEBRA CORRAL

Oakland: The Oakland Herd had the pleasure of sponsoring, on behalf of the Wholesalers Credit Association, a unique credit conference. The project was completely successful as an initial attempt to bring credit men and women together locally, as well as other executives and owners of businesses to discuss their mutual experiences and problems. More than 200 men and women attended the meeting which was held at Angelo's Restaurant.

Kenneth Bugbee, secretary-manager of the Oakland Association, acted as moderator for the meeting which was modeled on a town meeting. On the platform were national president A. J. Sutherland, Security Trust & Savings Bank, San Diego, national president D. M. Messer, Dohrmann Commercial Co., San Francisco, and the six panel members: Mrs. Ellen Anderson, Shields Harper Co., member of the National Credit Women's Executive Committee, representing the automotive group; Wes Williams, Gordon MacBeath Hardwood, for the building material group; Harold Lamoureaux, Walter N. Boysen Paint Co., for the paint group; John Failing, Blake, Moffit & Towne, for the food group; William Chilson, McKesson & Robbins, for the beverage group and Robert Speer, Jos. T. Ryerson & Son Steel Co., for the industrial group.

After a short talk by president Sutherland each panel member spoke for ten minutes on a topic pertinent to his group. Upon completion of their presentations questions were invited from the floor.

It is hoped to repeat the conference on an annual or semi-annual basis.

•

Pittsburgh: A meeting of several national and local officers was held recently in Pittsburgh to discuss plans for the National Round-Up to be held during the National Credit Congress in Boston, May 13-17. Since the Pittsburgh herd is the only one in the East, the duties of arrangements fall on its officers and members.

There are now 92 members in the Pittsburgh herd and it is the aim of the Pittsburgh herd to increase its membership to at least 100 before May.

•

Memphis: The January meeting of the Memphis herd was held on the 24th at the Catholic Club. The meeting was held in a private dining room.

•

Philadelphia: The Philadelphia Credit Women's Group had as their guests at the dinner meeting on January 11 the officers of the Credit Men's Association of Eastern Pennsylvania. President Charles B. Weidman spoke on "Credit Ramblings" and past president A. Edward Southgate delivered an illustrated lecture upon the subject, "More Precious than Gold."

Your Greatest Asset

(Continued from Page 20)

"we" tone, but it is possible, by careful phrasing, to inject a strong "you" attitude also.

The new customer

One last type of goodwill letter we may consider at this time. It is the one sent to new customers immediately after an initial order has been shipped. Here there is a great need for establishing friendly relations with the patron. Not only the quality and price of your merchandise are on trial, but *you* are also. Here is an opportunity to tell this new account a little about yourself and what your organization can, and will do for ***him***.

> Welcome to our family, Mr. White.
>
> By this date your first order from us has probably arrived. We did our very best to give you just what you wanted and we know you will find this order, and all future ones, completely satisfactory.
>
> We are aware that you and over 8,000 other retail druggists are truly our "bosses." You tell us what and how you want it and we'll endeavor "to deliver."
>
> Some of the methods by which we "deliver"—in addition to the nation's leading selection of pharmaceuticals—are dealers' sales aids. We can send you cuts and illustrations for use in your local advertising, and we have a fleet of window display men who will call on you at least once every two months. Store display stands and free samples for consumer distribution will also help you build your margin and your good will.
>
> But these are only a *few* of the services our family members receive; our salesman will give you additional information on how the Drake Company tries to help you. Give us the opportunity to work for you, and you'll find that you could not have chosen a better group of employees.

Certainly it is wise to employ goodwill letters. Progressive firms which use them report that the letters are easily worth their cost. Perhaps the results are sometimes difficult to evaluate because they are somewhat intangible, but good will itself is intangible. Positive benefits are the word-of-mouth type of advertising you gain and the general

feeling the recipient of the letter has for you when he finds you are interested in doing more than merely selling him an order and receiving his check.

Don't gush!

Here finally are a few factors you might check your letter for, before it is mailed. Be sure it is not *excessively* thankful or appreciative. Such an approach gives the reader the feeling that the writer is false and merely has an ulterior motive in mind. Look at your letter; does it have a pleasant appearance, a pen and ink signature and does it travel under a 3-cent stamp? If it is a poor job of typing or processing it loses all its personal touch and might just as well not have been written.

Test the letter and determine if it carries a strong "you" attitude with little if any mention of the company and future sales. The writer of the letter should certainly seem to have the *customer's* best interest at heart, and so he should, if he wishes to build goodwill.

So use this letter as often as possible. Don't take your customers for granted; competition is much too keen and they may find other fields greener. Remember, you can hardly expect to see immediate results from a goodwill program; it's a long range plan that will prove extremely beneficial. All that is necessary is that you try it.

What does it mean?

(*Continued from Page 24*)

(If not, set up liberal reserves. Such notes may represent amounts due from a poor credit risk from whom your customer requested notes as evidence of debt.)

Have these notes or trade-acceptances been discounted? Is the equivalent liability listed on the opposite side of the statement?

(If liability for discounted notes is shown on the *asset* side of the statement as a deduction from notes receivable, adjust to show full amount of notes and transfer the liability to the opposite side of the statement as current debt.
If neither the discounted notes nor the liability are shown on the statement proper, but only mentioned in a footnote as a contingent liability, adjust the statement to give effect to both the current asset and the current liability.)

Were notes due from officers included in notes receivable? Due from others? Whom? Date of note? Due date? Overdue? Secured by?

(Remove these from current assets and list as a miscellaneous slow asset. Set up liberal reserve if one is not already carried, and reduce tangible net worth by the amount of the reserve you set up.)

Speedier Service

(*Continued from Page 26*)

REGION VI

Cleveland, O., 1901 East 13th St.
Cincinnati, O., 37-41 West 7th St., 3rd floor
Detroit, Mich., Book Tower, 22nd floor, Washington Blvd.
Louisville, Ky., 307 South Fifth Ave., second floor

REGION VII

Chicago, Ill., 426 Court House Bldg., 219 South Clark St.
Indianapolis, Ind., Cole Motor Building, 2nd floor, 730 E. Washington St.
Milwaukee, Wis., Plankington Bldg., third floor, 161 W. Wisconsin Ave.

REGION VIII

Minneapolis, Minn., Northwestern Nat'l Bank Bldg., 620 Marquette, room 1009
Fargo, N. D., 16 Eighth St., South
Helena, Mont., 309 Federal Office Bldg., West Sixth Ave. at Park
Sioux Falls, S. D., Gas Co. Building, 114 South Main Ave.

REGION IX

Kansas City, Mo., No. 119 Ninth St.
St. Louis, Mo., Boatman's Bank, 314 N. Broadway, rooms 723-729
Wichita, Kansas, 3234 E. Douglas St.
Des Moines, Ia., 418 7th Street
Omaha, Neb., 1516 Harney St.

REGION X

Dallas, Tex., Fisher Bldg., 3306 Main St.
Houston, Tex., 517 La Blanc St.
Oklahoma City, 322 N. Robinson St.
Little Rock, Ark., 555 Building, Broadway between 2nd and 3rd
New Orleans, La., 1539 Jackson St.

REGION XI

Denver, Colo., Central Savings Bldg., 15th and Arapahoe, 5th floor
Cheyenne, Wyo., 1509 Bent Ave.
Salt Lake City, Utah, Old Terminal Bldg., 222 S.W. Temple, Room 104
Albuquerque, N. M., Professional Bldg., 142 N. Monroe Street

REGION XII

San Francisco, 1000 Geary St.
Los Angeles, Cairns Bldg., 108 W. 6th St.
Reno, Nev., 1475 Weels Ave.
Phoenix, Ariz., Harber Bldg., 315 North Central Ave.

REGION XIII

Seattle, Wash., National Bank of Commerce, 1110 2nd Ave.
Portland, Ore., Lincoln Bldg., 208-221 S. W. 5th St.
Boise, Idaho, American Legion, 7th and Bannock Sts.

•

25 Years Ago in CREDIT and Financial Management

Dr. Frank A. Fall, newly-appointed education director of the National Association of Credit Men, started a new "Business Library" department.

•

"Simp or Simpatico," a play showing how the credit manager and the salesman should handle a Latin-American customer, was given successful performances in Chicago and Cincinnati.

•

Opponents of the par-clearance system were given a decided setback in the decision of the United States District Court at Atlanta when a permanent injunction was denied by the court and a case against the Federal Reserve Board's par collection rule was decided against a Mississippi bank.

•

J. P. Morgan was quoted as saying: "Never do something you do not approve of in order more quickly to accomplish something that you do approve of."

•

The Chief Justice of the United States, William Howard Taft by name, submitted to the associate justices of the Supreme Court suggestions for amendments to the general orders in bankruptcy, most of which had their origin in the Bankruptcy Law Committee of the National Association of Credit Men. The amendments were aimed at frauds which had been perpetrated in bankruptcy through collusion between bankrupts, creditors and creditors' representatives, and at unnecessary expense in the distribution of bankruptcy estates.

PRINTED BY PERIODICAL PRESS CORP., PHILA. 23, PA.

GOING! GOING! GONE!

Credit Interchange Bureaus
of the NATIONAL ASSOCIATION of CREDIT MEN
CENTRAL OFFICES
512-514 Arcade Building
ST. LOUIS 1, MO.

Report on

-. -. ------- & COMPANY ---------, WISCONSIN ---------- COUNTY JANUARY 28, 1949

The accuracy of this Report is not guaranteed. Its contents are gathered in good faith from members and sent to you by this Bureau without liability for negligence in procuring, collecting, communicating or failing to communicate the information so gathered.

BUSINESS CLASSIFICATION	HOW LONG SOLD	DATE OF LAST SALE	HIGHEST RECENT CREDIT	NOW OWING INCLUDING NOTES	PAST DUE	TERMS OF SALE	PAYING RECORD DIS-COUNTS	PAYS WHEN DUE	DAYS SLOW	COMMENTS
MILWAUKEE 110-36 Food P Knit Clo Farm S Hdwe Shoe	yrs yrs 2-46 yrs 1944 1947	1-49 1-49 1-49 1-49 12-48 12-48	369 807 1035 490 1546 389	418 613 1482		weekly 8-10EOM 2-10 Px dating 2-10-30 1-10-30	x x x	x x x x	5 10	
MINNESOTA 111-683 Knit Food P Shoe	yrs yrs yrs	1-49 1-49 1-49	8977 937 543	1738 618 113		1-10-30 weekly 5-10 Px	x	x		
CHICAGO 111-633 Knit Shoe Food P	yrs yrs yrs	12-48 1-49 1-49	450 1033 181		322 36	2-10-30 1-10-30 1-10-30	x	x x		
CLEVELAND 112-439 I&S	yrs	1-49	875			1-10-30	x			
GRAND RAPIDS 111-316 Furn Furn	1946 yrs	1-49 12-48	1390 573	1107		1-10-30 1-10-30		x x		
NORTHERN WISC-MICH 111-418 Paper Elec	1946 yrs	1-49 1-49	453 238	122		1-10-30 1-10-30		x x	10	
PEORIA 111-107 Hdwe	yrs	1-49	663			1-10-30	x			
				6569						
Bu 7 SL										

WISC. COUNTY MARCH 16, 1950

DIS-COUNTS	PAYS WHEN DUE	DAYS SLOW	COMMENTS
	x x x	10 15 21	Slower
	x		
	x x	30	Slower
	x	15	
		14 30	
	x		
	x	30	Slower

NOVEMBER 8, 1950

PAYS WHEN DUE	DAYS SLOW	COMMENTS
	30 30 60	
x	60	
	30	Slower
x	60 30	Slower
	30	
	30 30 60	Slower
	15	
	60	Too slow

1-10-30
1-10-30
CASH

Note the dates on the above Credit Interchange Reports. They are all on the same account. Notice the change in paying habits . . . They show how a customer may go progressively from *good* to *bad* . . . Getting such information at regular intervals gives you *fair warning* of an account which is slowing up — and time to protect yourself against loss.

Credit Interchange reports are current, concise, unbiased, impersonal statements of *fact*, as taken from creditors' ledgers. They are tabulated in a manner to enable quick analysis and wise decisions . . . Use this practical method of maintaining definite, continuing contact with your accounts.

Aks your Bureau for further details. If you prefer, write

Credit Interchange Bureaus
NATIONAL ASSOCIATION of CREDIT MEN
512-14 Arcade Building . . . ST. LOUIS 1, MO.

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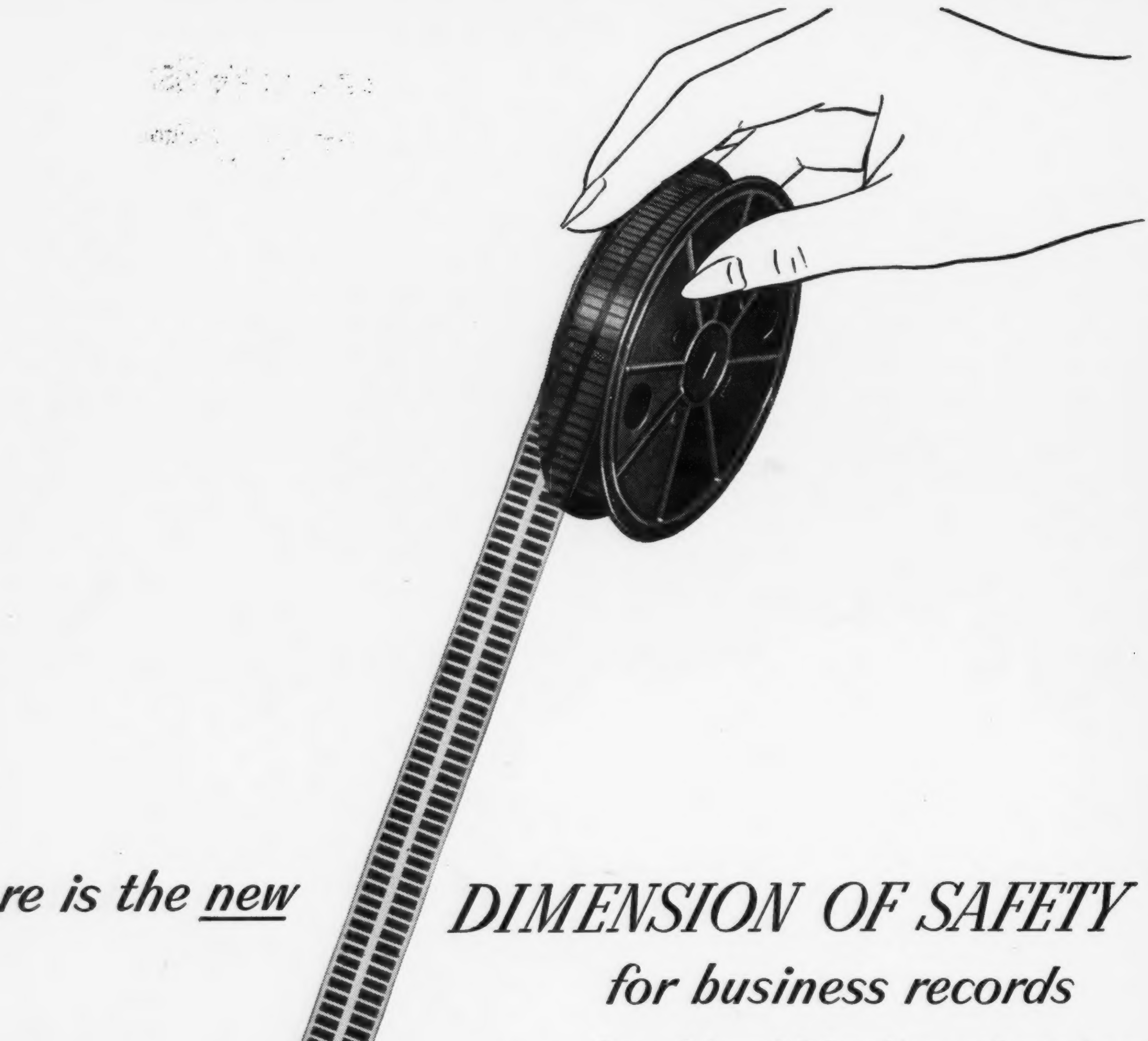

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